Daily Report

Latin America

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Mercosur's 'Ouro Preto Protocol'

PY1201135695 Sao Paulo GAZETA MERCANTIL in Portuguese 31 Dec 94 Special Section pp 4-6

["Ouro Preto Protocol" signed by the presidents and foreign ministers of the Mercosur, Common Market of the South, member countries on 17 December 1994 in Ouro Preto, Brazil]

[FBIS Translated Text]

Additional Protocol to the Treaty of Asuncion Establishing the Institutional Structure of Mercosur

Ouro Preto Protocol

The Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay, and the Republic of Uruguay, hereinafter referred to as the "Signatory Countries";

Pursuant to the terms of Article 18 of the Treaty of Asuncion dated 26 March 1991;

Being aware of the importance of the progress that has been made and of the importance of implementing a customs union as a step leading toward a common market;

Reaffirming the principles and objectives of the Treaty of Asuncion, and considering the need to grant special attention to less developed countries and regions within Mercosur;

Observing the dynamics that are implicit in all integration processes and the consequent need to adapt the institutional structure of Mercosur to the changes that have occurred;

Recognizing the outstanding work done by the organs that operated during the transition period;

Hereby decide:

Chapter I

Structure of Mercosur

Article 1. The institutional structure of Mercosur shall have the following organs:

I. The Common Market Council (CMC);

II. The Common Market Group (GMC);

III. The Mercosur Commission of Commerce (CCM);

IV. The Joint Parliamentary Commission (CPC);

V. The Socioeconomic Consultative Forum (FCES);

VI. The Mercosur Administrative Secretariat (SAM).

Single Paragraph—The auxiliary organs that may be necessary for attainment of the objectives of the integration process may be created, in line with the terms of the present Protocol.

Article 2. The CMC, the GMC, and the CCM are intergovernmental organs with decisionmaking power.

Section I

About the Common Market Council

Article 3. The Common Market Council [CMC] is the highest Mercosur organ. It is charged with the political management of the integration process, and with the making of decisions for guaranteeing the fulfillment of the objectives established in the Treaty of Asuncion.

Article 4. The CMC shall be made up of the ministers of foreign affairs and ministers of economy, or equivalent officials, of the Signatory Countries.

Article 5. The presidency of the CMC shall rotate among the Signatory Countries, in alphabetical order, for six-month periods.

Article 6. The CMC shall meet as many times as it deems appropriate, and at least once every six months, with the participation of the presidents of the Signatory Countries.

Article 7. The CMC meetings shall be coordinated by the ministries of foreign affairs. Other ministers or ministerial officials may be invited to such meetings

Article 8. The CMC has the following functions and powers:

I. Guarantee the fulfillment of the Treaty of Asuncion, its protocols, and the agreements signed within their context;

II. Formulate policies and promote actions that are necessary for the creation of the common market;

III. Act as legal representative of Mercosur;

IV. Negotiate and sign agreements, on behalf of Mercosur, with third countries, groups of countries, and international organizations. These functions may be delegated to the Common Market Group [GMC] under express instructions, in line with the terms of paragraph VII of Article 14;

V. Adopt a position on the proposals submitted by the GMC;

VI. Call for ministerial meetings and adopt a position on the agreements that are submitted by such meetings;

VII. Create, modify, or eliminate organs as it deems appropriate;

VIII. Explain, when it deems necessary, the contents and scope of its decisions;

IX. Designate the director of the Mercosur Managerial Secretariat;

X. Make budget and financial decisions;

XI. Approve the Domestic Regulations of the GMC.

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Article 9. The CMC shall issue decisions that shall be mandatory for Signatory Countries.

Section II

About the Common Market Group

Article 10. The Common Market Group [GMC] is the Mercosur's executive organ.

Article 11. The GMC will comprise four head members and four alternate members per country, elected by the respective governments, among which there will necessarily be a representative of the foreign ministries, the economy (or equivalent) ministries, and the central banks. The foreign ministries will be in charge of coordinating the GMC.

Article 12. When drafting or proposing concrete measures during the development of its tasks, the GMC may summon, whenever it may deem necessary, representatives of other public administration organs or of the Mercosur institutional structure.

Article 13. The GMC may hold ordinary or extraordinary meetings as many times as necessary, in compliance with the terms of its Internal Regulations.

Article 14. The following are the GMC's duties and powers:

I. To safeguard, within the limits of its jurisdiction, the fulfillment of the Asuncion Treaty, its Protocols and the agreements signed within its framework;

II. To propose to the Common Market Council [CMC] decision-making projects;

III. To adopt the necessary measures for the fulfillment of decisions taken by the CMC;

IV. To establish working programs to ensure progress is made for the establishment of the common market;

V. To create, modify, or eliminate organs such as working subgroups or special meetings for the fulfillment of its objectives;

VI. To express its viewpoint regarding proposals or recommendations received from the remaining Mercosur organs that fall under its jurisdiction;

VII. To negotiate, with the participation of the representatives of all member states, by express orders of the CMC and within the limits established in specific mandates issued for this purpose, agreements on behalf of Mercosur with third countries, groups of countries and international organizations. The GMC, whenever it is granted the mandate for this purpose, will sign the mentioned agreements. The GMC, when authorized by the CMC, may entrust the mentioned powers to the Mercosur Commission of Commerce [CCM];

VIII. To approve the budget and the annual balance of accounts issued by the Mercosur Administrative Secretariat [SAM];

IX. To pass resolutions pertaining to financial and budgetary matters in keeping with the guidelines established by the CMC;

X. To submit to the CMC its standing orders;

XI. To organize CMC meetings and to prepare the reports and studies that the latter may request of it;

XII. To elect the director of the SAM;

XIII. To monitor the activities of the SAM;

XIV. To reconcile the standing orders of the CCM and of the Socioeconomic Consultative Forum.

Article 15. The GMC will make its decisions known through resolutions, which will be binding on all Signatory Countries.

Section III

About the Mercosur Commission of Commerce

Article 16. The Mercosur Commission of Commerce [CCM], which is in charge of assisting the GMC, is to ensure that the trade policy instruments agreed upon by the Signatory Countries for the operation of the customs union are put into effect. It is also empowered to make a follow-up or to review subjects and issues pertaining to common trade policies, and to trade within the Mercosur and with third parties.

Article 17. The Mercosur Commission of Commerce [CCM] shall be made up of four full members and four alternate members per Signatory Country, and shall be coordinated by the ministers of foreign affairs.

Article 18. The CCM shall meet at least once every month, or whenever requested by the Common Market Group [GMC] or by any of the Signatory Countries.

Article 19. The CCM shall have the following functions and powers:

I. Guarantee the enforcement of common commercial policy instruments within Mercosur and with third countries, international organizations, and trade agreements;

II. Study and adopt a position on the requests made by Signatory Countries regarding the enforcement of and compliance with the common external tariff and the other common commercial policy instruments;

III. Follow up the enforcement of common commercial policy instruments among the Signatory Countries;

IV. Analyze the evolution of common commercial policy instruments for the operation of the customs union, and formulate proposals regarding the GMC;

V. Make decisions on the common external tariff administration and application and the instruments of common commercial policies agreed among the signatory countries;

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VI. Inform the GMC about the evolution and use of common commercial policy instruments and regarding steps taken in response to specific requests and decisions adopted with respect to them;

VII. Propose new norms or amendments to existing norms on Mercosur customs and commercial matters to the GMC;

VIII. Propose the review of the tariffs on specific items included in the common external tariff and review tariffs to contemplate new productive activities within Mercosur;

IX. Create the technical committees necessary for an adequate fulfillment of its role and direct and supervise their activities;

X. Develop common commercial policies and tasks at the request of the GMC;

XI. Adopt internal regulations, which will be submitted to the GMC for approval.

Article 20. The CCM will express itself through Guidelines and Proposals. Guidelines will be binding for member countries.

Article 21. The CCM, besides functions and attributions established in Articles 16 and 19 of this Protocol, will decide on claims submitted by the CCM's national sections that originated in member countries or derived from private citizens' demands—individuals or companies—with respect to situations contemplated in Articles 1 through 25 of the Brasilia Protocol, whenever such claims fall within its jurisdiction.

First Paragraph—The study of claims by the CCM will not preclude any action by the member country that presented the claim under the Brasilia Protocol chapter entitled Solution of Controversies.

Second Paragraph—Claims derived from cases contemplated in this article will follow the proceedings established in this Protocol's annex.

Section IV

About the Joint Parliamentary Commission

Article 22. The Joint Parliamentary Commission [CPC] is the organ that represents member countries' congresses in Mercosur.

Article 23. The CPC will be made up of an equal number of legislators representing each member country.

Article 24. CPC members will be designated by their respective congresses in accordance with their own national internal regulations.

Article 25. The CPC will try to speed up internal proceedings in each member country for the quick ratification of norms approved by Mercosur organs, as provided for by Article 2 of this Protocol. Similarly, it will help coordinate member countries' legislation, as required by the integration process. Whenever necessary, the Common Market Council [CMC] will ask the CPC to examine priority issues.

Article 26. The CPC will issue recommendations to the Common Market Council through the Common Market Group.

Article 27. The CPC will adopt its own internal regulations.

Section V

About the Socioeconomic Consultative Forum

Article 28. The Socioeconomic Consultative Forum [FCES] represents the economic and social sectors. It shall be made up of the same number of delegates per each Signatory Country.

Article 29. The FCES shall have consultative functions, and shall issue recommendations to the Common Market Group [GMC].

Article 30. The FCES shall submit its Internal Regulations for approval to the GMC.

Section VI

About the Mercosur Administrative Secretariat

Article 31. Mercosur shall have an Administrative Secretariat that shall operate as an operational support organ. The Mercosur Administrative Secretariat [SAM] shall be charged with rendering services to the other Mercosur organs, and shall be headquartered in Montevideo.

Article 32. The SAM shall have the following functions and powers:

I. Operate as official archive for Mercosur documents;

II. Publish and disseminate the decisions adopted within Mercosur. Within this context, it shall:

i. Make, in coordination with the Signatory Countries, the authentic translations into the Spanish and Portuguese languages of the decisions adopted by the Mercosur institutional structure organs, in line with the terms of Article 39;

ii. Issue the Mercosur Official Bulletin [Boletim Oficial do Mercosul].

III. Provide logistical support for the meetings of the Common Market Council [CMC], the GMC, and the Mercosur Commission of Commerce [CCM] and, within its possibilities, for the meetings of the other Mercosur organs, if such meetings are held in its permanent headquarters. As for the meetings held outside its permanent headquarters, the SAM shall provide support to the Signatory Country that hosts the event;

IV. Inform Signatory Countries, on a regular basis, about the measures that each country has adopted in order to

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incorporate within its laws the regulations issued by the Mercosur organs mentioned in Article 2 of this Protocol;

V. Register the national lists of arbiters and specialists, and perform other tasks established by the Protocol of Brasilia dated 17 December 1991;

VI. Perform the tasks that are requested by the CMC, the GMC, and the CCM;

VII. Prepare its own budget proposal and, after approval by the GMC, undertake all necessary actions for proper implementation of said budget;

VIII. Submit an annual report rendering accounts to the GMC, along with a report on its activities.

Article 33. The SAM shall be headed by a director, who will be a national from one of the Signatory Countries. He will be elected by the GMC, on a rotational basis and after consultation with Signatory Countries. He will be designated by the CMC. The tenure of the director shall last two years, and he may not be reelected.

Chapter II

Legal Status

Article 34. Mercosur shall have international legal status.

Article 35. Using its powers, Mercosur may undertake all actions that are necessary for attainment of its objectives, especially contracting, purchasing or selling movable goods and real estate, appearing in court, preserving funds, and making transfers.

Article 36. Mercosur shall reach its agreements at its legal domicile.

Chapter III

The System for Making Decisions

Article 37. The decisions by Mercosur organs shall be made on the basis of a consensus and in the presence of all Signatory Countries.

Chapter IV

Domestic Enforcement of the Rules Issued by Mercosur Organs

Article 38. Signatory Countries shall adopt all necessary measures to guarantee, in their respective territories, the fulfillment of the regulations issued by Mercosur organs listed in Article 2 of this Protocol.

Single Paragraph—Signatory Countries shall inform the SAM about the measures adopted to this end.

Article 39. The full text of the following documents will be published in Spanish and Portuguese in the Mercosur Official Bulletin: The Common Market Council [CMC] decisions, the Common Market Group [GMC] resolutions, the Mercosur Commission of Commerce [CCM] guidelines, the arbiter's award to solve controversies, and any action which the CMC or the GMC might find necessary to publish in the Official Bulletin.

Article 40. In order to guarantee the simultaneous implementation in the Signatory Countries of the rules stemming from the Mercosur organizations as provided for by Article 2 of this Protocol, the following procedures must be followed:

i. Once the regulation is approved, the Signatory Countries will adopt the necessary measures for its inclusion into the national legal order and will then inform about the same to the Mercosur Administrative Secretariat [SAM];

ii. When all Signatory Countries have given information with regard to their inclusion into their respective internal legal orders, the SAM will convey this fact to each Signatory Country;

iii. The regulations stemming from the Mercosur organizations will be in effect simultaneously in the Signatory Countries 30 days after the date of communication by the SAM, in accordance with the previous item. With that objective, the Signatory Countries, within the deadline established above, will publicize the initial implementation of the rules through their respective official gazettes.

Chapter V

Mercosur Legal Sources

Article 41. The Mercosur Legal Sources are:

I. The Asuncion Treaty, its protocols, and the additional or supplementary documents;

II. The agreements reached within the framework of the Treaty;

III. The decisions of the CMC, the resolutions of the GMC, and guidelines of the CCM, adopted since the implementation of the Asuncion Treaty.

Article 42. The regulations stemming from Mercosur organizations provided for in Article 2 of this Protocol will be of a compulsory nature and must, when necessary, be included into the national legal order through procedures provided by the laws of each country.

Chapter VI

Systems for Solutions of Controversies

Article 43. Controversies that might emerge among the Signatory Countries on the interpretation, implementation, or non fulfillment of the dispositions included in the Asuncion Treaty, or the non-fulfillment of the agreements reached within the same treaty, as well as of the CMC decisions of the GMC resolutions, and of the CCM guidelines, will be submitted to solution procedures established in the Brasilia Protocol of 17 December 1991.

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Single Paragraph—The CCM guidelines are hereby also included into Articles 19 and 25 of the Brasilia Protocol.

Article 44. Before the conclusion of the convergence process of the common external tariff, the Signatory Countries will make a revision of the current Mercosur system of solving controversies seeking the adoption of the permanent system which is mentioned in item 3 of Annex III of the Asuncion Treaty, and Article 34 of the Brasilia Protocol.

Chapter VII

Budget

Article 45. The SAM will have a budget to cover its operational expenses and those established by the GMC. This budget will be financed, on equal terms, by contributions by the Signatory Countries.

Chapter VIII

Languages

Article 46. The Mercosur official languages are Spanish and Portuguese. The official language of the working documents will be that of the host country of each meeting.

Chapter IX

Revision

Article 47. The Signatory Countries will call, whenever they find it appropriate, a diplomatic meeting with the purpose of reviewing the Protocol, as well as the specific attributions of each of its organizations.

Chapter X

Implementation

Article 48. The current Protocol, part of the Asuncion Treaty, will be in effect indefinitely and will be implemented 30 days after the date of the presentation of the third ratification instrument. The present Protocol and its ratification instruments will be entrusted to the Government of the Republic of Paraguay.

Article 49. The Government of the Republic of Paraguay will notify the governments of the other member countries of the date the documents are ratified and the date the current Protocol is enforced.

Article 50. That which is established in the Treaty of Asuncion will prevail for everything pertaining to the current Protocol regarding adherence or complaints. The adherence to or complaint against the Treaty of Asuncion or the current Protocol will be tantamount by the mere operation of the law [last seven words in Latin] to an adherence to or complaint against the current Protocol and the Treaty of Asuncion.

Chapter XI

Temporary Regulation

Article 51. The institutional structure included in the Treaty of Asuncion issued on 26 March 1991, and its organizations, will be in force until the current Protocol is enforced.

Chapter XII

General Regulations

Article 52. The current Protocol will be referred to as "The Ouro Preto Protocol."

Article 53. All regulations included in the Treaty of Asuncion issued on 26 March 1991 that are in conflict with the current Protocol and with the decisions approved by the Common Market Council [CMC] during the transition period are hereby repealed.

Drafted in the city of Ouro Preto, Federative Republic of Brazil, on 17 December 1994, in one original copy, in both Portuguese and Spanish, being both equally authenticated. The Government of the Republic of Paraguay will submit duly authenticated copies of the current Protocol to the governments of the other member countries.

For the Republic of Argentina

[President] Carlos Saul Menem; [Foreign Minister] Guido Di Tella

For the Federative Republic of Brazil

[President] Itamar Franco; [Foreign Minister] Celso L.N. Amorim

For the Republic of Paraguay

[President] Juan Carlos Wasmosy; [Foreign Minsiter] Luis Maria Ramirez Boettner

For the Oriental Republic of Uruguay

[President] Luis Alberto Lacalle Herrera; [Foreign Minister] Sergio Abreu

Annex to the Ouro Preto Protocol

General Procedure for Claims Before the Mercosur Commission of Commerce [CCM]

Article 1. Any claims submitted by the national jurisdictions of the CCM originated by the member countries or through private claims—either through an individual or a corporation—in compliance with what is established in Article 21 of the Ouro Preto Protocol will follow the procedure established in the current Annex.

Article 2. The member country that makes the claim will do so through the Presidency Pro Tempore of the CCM, which will adopt the proper measures to include the subject in the agenda of the first subsequent meeting of the CCM provided the claim is submitted no later than one week before the holding of such meeting. If no decision is adopted in such meeting, the CCM will

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submit all the pertinent material, without any further procedure, to a Technical Committee.

Article 3. The Technical Committee shall prepare and submit to the Mercosur Commission of Commerce [CCM], within no more than thirty (30) calendar days, a joint opinion on the subject. This opinion, or the conclusions of the Technical Committee specialists—if no joint opinion has been reached—shall be taken into account by the CCM in making a decision on the claim.

Article 4. The CCM shall make a decision on the subject at its first regular meeting following reception of the joint opinion or, if there is no joint opinion, of the conclusions of the specialists. A special meeting may also be summoned to this end.

Article 5. If no consensus is reached at the first meeting mentioned in Article 4, the CCM shall submit to the Common Market Group [GMC] the various proposed alternatives, along with the joint opinion or the conclusions of the Technical Committee specialists, in order to make a decision on the subject. The GMC shall adopt a position on the subject within thirty (30) calendar days after reception by the Pro Tempore Presidency of the proposals submitted by the CCM.

Article 6. If there is a consensus that the claim is justified, the Signatory Country against which the claim has been raised shall adopt the measures approved by the CCM or by the GMC. In either case, the CCM or, later, the GMC, shall establish a reasonable deadline for implementation of such measures. If such deadline expires without the country having adopted the measures approved by either the CCM or the GMC, the country that raised the claim may directly resort to the procedure provided for in Chapter IV of the Protocol of Brasilia.

Article 7. If no consensus is reached within the CCM, and if the country against which the claim has been raised does not adopt—within the deadline provided for in Article 6—the decisions that were made, the country that raised the claim may directly resort to the procedure provided for in Chapter IV of the Protocol of Brasilia, a situation that shall be reported to the Mercosur Administrative Secretariat [SAM].

Before making its decision, and if it is so requested by the country that raised the claim, the Arbitration Tribunal shall—within fifteen (15) days after being summoned—adopt a position on the provisional measures that it deems appropriate, in line with the terms of Aticle 18 of the Protocol of Brasilia.

U.S. Challenge to EU Banana Standards 'Another Threat'

FL1101165695 Bridgetown CANA in English 2206 GMT 10 Jan 95

[FBIS Transcribed Text] Bridgetown, Barbados, Jan. 10, CANA—The future of Caribbean bananas on the European market faced another threat Tuesday as the United States administration signalled its intention to challenge the European banana rules, under which Caribbean bananas are granted preferential treatment.

U.S. Trade Representative Mickey Kantor said on Monday the EU's [European Union] banana import rules, which penalise imports of mainly Latin American bananas in favour of other suppliers, was costing U.S. banana marketing companies hundreds of millions of dollars. At the recent Summit of the Americas the U.S. had informed Caribbean Community (Caricom) governments it was dropping a challenge to the EU's banana regime which protects Caribbean banana exports.

The U.S. announcement follows a preliminary investigation of complaints against the EU brought by American multinational corporations—Chiquita Brands and the Hawaiian Banana Association. Larry Birns, a Washington-based analyst on U.S. policy towards the Caribbean and Latin America, told CANA Radio Tuesday that the "major victims" will be the small English-speaking Caribbean countries. "I think we are very much at the entrance way to what could turn out to be a very bitter trade war between the European Union countries and the United States," Birns said. "The problem is that these islands have very little political clout in Washington and the major banana exporters who buy dollar bananas in Central America and in Ecuador they have a good deal of political clout particularly now with the Republican control of Congress," Birns added. Because of this clout, Birns said, "we are going to see a greater sentiment there to support the U.S. companies that deal with Central American dollar banana exports".

He said he believed the "change in attitude" of Kantor in defending the U.S. multinational banana exports reflected an anticipation by the U.S. administration that the "environment has changed and there will be a much more aggressive defense of U.S. economic interests".

Kantor explained he did not believe Caribbean islands had, "much of a claim" on the EU, adding "we can anticipate that the European Union countries will probably come up with some kind of compromise at the expense of Caribbean banana exports".

U.S. Signs OAS Conventions on Cooperation on Crime

FL1101155795 Bridgetown CANA in English 2053 GMT 10 Jan 95

[FBIS Transcribed Text] Washington, D.C., Jan. 10, CANA—Caribbean and Latin American countries are on stream to receive more cooperation from the United States in adjudicating certain criminal matters. The U.S. government signed Tuesday at the Organisation of American States (OAS) two conventions and a protocol emphasising regional cooperation with its hemispheric neighbours in criminal matters, in the prosecution of tax crimes and on serving criminal sentences abroad.

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They are the Inter-American Convention on Mutual Assistance on Criminal Matters and the Inter-American Convention on Serving Criminal Sentences Abroad signed in the Bahamas in 1992 and in Nicaragua in 1993 respectively.

Signing for the U.S. administration was Ambassador Harriet C. Babbitt, the permanent representative to the OAS. "Both conventions are another step which seeks to build on the vision set out by the Summit of the Americas: working together as a hemisphere to effectively and efficiently manage our affairs and advance closer bonds of cooperation," said Ambassador Babbitt in signing the documents. "These conventions," she added, "seek to integrate our hemisphere's differing legal systems.

"They commit states parties to helping requesting state parties (to) prosecute criminals and tax evaders; and ease the smooth administration of their imprisonment," Babbitt said.

Secretary General Cesar Gaviria said "the basic objective of these legal documents is to institutionalise cooperation in criminal matters between states by providing governments with firm mechanisms to combat crime with impunity." Dr. Gaviria said that "countries which adopt this important Convention and its optional Protocol on tax-related offenses strengthen the Inter-American legal system by creating common standards of cooperation in criminal matters between states.

"Developments in international criminal law and international practices in inter-state relations dovetail in these instruments," he told those attending the ceremony.

On the Inter-American Convention on Serving Criminal Sentences Abroad, the Secretary General said that "this document is very important not only from the standpoint of legal cooperation, but also in an humanitarian sense.

"The possibility that a convict may serve his sentence within his country of origin, within his own cultural, social, and family environment, increases the prospects of rehabilitation," he said in reference to the main thrust of this new legal instrument.

The United States is the fifth country to sign this convention. The previous signatories are Canada, Costa Rica, Venezuela and Panama. It is also the eighth signatory of the Convention on Mutual Assistance in Criminal Matters.

Greenpeace Urges Governments To Protest Nuclear Shipment

FL1201150695 Bridgetown CANA in English 1358 GMT 12 Jan 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, Jan. 12, CANA—Officials of the environmental watchdog Greenpeace International are planning to visit ten Caribbean countries to raise public awareness about a planned shipment of radioactive plutonium waste and similar shipments through the Caribbean waters.

Tom Clements, Greenpeace's Washington-based representative, said the visit to Trinidad and Tobago this week is the first stop. A four-member Greenpeace mission arrived in Trinidad on Sunday and held meetings with Foreign Affairs Minister Ralph Maraj, Agriculture Minister, Dr. Keith Rowley and Environment Minister, Dr. Lenny Saith. The organization's flagship, Rainbow Warrior, is also visiting Trinidad.

"...We are going to ten other countries in the Caribbean," Clements told the CARIBBEAN NEWS AGENCY. The next stop will be Barbados and the ship will travel north along the island-chain to Jamaica, Mexico and back to Panama. Greenpeace said the Caribbean Sea and the Panama Canal were the most likely route for the British freighter which will carry the highly radioactive nuclear waste from the French port of Cherbourg to Japan.

"We're working with local and regional non-governmental organizations and we're at the same time trying to enlist governments in the Caribbean and governments around the world to oppose the shipment of the high-level plutonium waste, so there's a real team effort....," said the Greenpeace official. Clements said it was essential that countries in the Caribbean as well as Panama tell the Japanese and French that the shipment should not be coming through the Caribbean and the Panama Canal. "We think it is absolutely essential that statements be made by those governments. Caricom [Caribbean Community] has made a statement against the shipment...but we think that those statements and more which are probably likely to come are absolutely essential in stopping this shipment of this stuff and creating a nuclear and toxic waste-free zone in the region," he said.

Clements thinks the issue should be taken before the United Nations.

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Cuba

Foreign Trade Minister Meets Canadian Parliamentarians

PA1201185495 Havana PRENSA LATINA in Spanish 2227 GMT 9 Jan 95

[By Martin Hacthoun]

[FBIS Translated Text] Havana, 9 Jan (PL)—Cuban Foreign Trade Minister Ricardo Cabrisas received a delegation of Canadian parliamentarians today. During the meeting, he said that commercial exchanges between Cuba and that northern country are "mutually advantageous."

"Canada is a country of great commercial importance to us; it always has been, even when 85 percent of our foreign trade was with the former socialist countries," Cabrisas pointed out.

The Canadian delegation includes two senators and five deputies from the House of Commons, the main legislative branch in that country. The Canadians are visiting the island in search of ways to broaden and establish new bilateral cooperation channels.

Since the loss of its former commercial partners, Cuba has been forced to launch a very active geographic rearrangement policy to further its foreign trade. The result has been an exchange with Canada that has been advantageous to both countries, Cabrisas said.

Cuba's basic exports to the Canadian market are: seafood, sugar, juice, rum, tobacco, cigarettes, clothing, nickel, chromium, and other goods. Also, Cuba imports the following goods from the northern country: sea products, fat, corn, grains, powdered milk, potassium, medicine, industrial machines, electrical equipment, and other articles.

According to statistics obtained by PRENSA LATINA, Canadian exports to the island during the first half of 1994—those are the figures available as of now—amounted to $75.070 million for a wide array of products.

But trade has been negatively affected because Cuba has limited convertible currency resources, which is seen in the fact that the island's exports total practically twice its purchases on the Canadian market.

In 1993, the two-way volume amounted to $370 million. Cuba is thus Canada's main commercial partner in Central America and the Caribbean.

On their first day in the country, the Canadian parliamentarians—five are from the governing Liberal Party, one from the Conservative Party, and one is a neodemocrat—were also received by National Assembly President Ricardo Alarcon and Education Minister Luis Ignacio Gomez.

The Canadian officials will meet with Investments Minister Ernesto Melendez and Foreign Minister Roberto Robaina and visit the Genetic Engineering and Biotechnology Center tomorrow.

Meeting With Castro Called 'Interesting, Profound'

FL1301023995 Havana Cuba Vision Network in Spanish 0100 GMT 13 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Members of the Canada-Cuba parliamentary friendship group who are visiting Cuba described last night's meeting with Commander in Chief Fidel Castro as interesting and profound. At the conclusion of their tour through Matanzas Province, parliamentarians praised the advances witnessed during their visits in education, science, and production centers. The Canadian visitors also toured the central oil enterprise in Cardenas and the tourist areas of Varadero.

Alarcon Reaffirms Guantanamo Position, Discusses U.S. Talks

PA1301032895 Madrid EFE in Spanish 0116 GMT 13 Jan 95

[FBIS Translated Text] Havana, 12 Jan (EFE)—Ricardo Alarcon, chairman of the Cuban National Assembly (Parliament) of the People's Government, today told EFE that his government continues to maintain its position opposing the use of the U.S. Naval Base at Guantanamo to shelter Haitian refugees and Cuban "rafters."

In this way, Alarcon responded to a question related to a U.S. Government decision, announced today, to soon transfer the 7,977 Cuban rafters currently housed at four camps near the Panama Canal back to the military enclave at Guantanamo.

"We already have expressed our opinion with respect to the use of the base with the Haitians and the Cubans," replied the high-ranking official. On 18 January, Alarcon will head, for the third time, the Cuban delegation to migration talks in New York with the U.S. Government.

The Cuban Government contends the U.S. decision to use Guantanamo Naval Base, which is located on the eastern part of the island and has been occupied since 1903, to set up a Haitian refugee center is an "imposition."

Asked about the coming round of migration talks with the United States, Alarcon said, "I am sure the talks will serve to confirm the mutual willingness to fully honor the spirit of the agreements signed last September."

With respect to the issues that will be discussed at the upcoming meetings, the Cuban politician contended that "the implementation of the agreement" continues to be the most important issue.

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The Cuban delegation headed by Alarcon will comprise the same team that accompanied him during the two previous rounds that took place in New York and Havana.

Under the terms of the bilateral agreements signed on 9 September, the U.S. Government agreed to grant a minimum of 20,000 visas annually to those Cubans who are seeking to emigrate. Meanwhile, the Cuban Government committed itself to put an end to the wave of illegal "rafters" who were casting themselves into the sea in an effort to get to the United States, but instead ended up in U.S. military camps in Panama and Guantanamo.

Mistreatment of Rafters Reported

PA1201043295 Havana Radio Havana Cuba in Spanish 0000 GMT 12 Jan 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] An atmosphere of fear and uncertainty prevails in Southern Command military camps in Panama where more than 8,000 Cuban rafters are housed, according to journalists who have visited the area. Representatives of the domestic and foreign media based in Panama City say that the few people who agreed to make statements did so on condition of anonymity because of fear of reprisal by U.S. soldiers.

Witnesses to what goes on there said that Cuban rafters are physically and mentally tortured. In some cases, those under preventive detention are mistreated and abused, for example by being forced to spend long hours on the ground until they admit that they are homosexuals.

In the same vein, journalists cite several suicide attempts by rafters, given their state of desperation.

Movement of Rafters To Take Place

FL1301030195 Havana Radio Rebelde Network in Spanish 0000 GMT 13 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Beginning February, the Cuban rafters held in U.S. military enclaves in Panama will be transferred to Guantanamo Naval Base since the terms of the authorization granted by the Panamanian Government expire in March. A high-level Pentagon official made the announcement, adding that the illegal Cuban immigrants will be held for an undetermined period on that eastern Cuba territory usurped by Washington since the beginning of this century.

Fernando de Cossio Interviewed on Migration Talks

FL1301031695 Havana Radio Rebelde Network in Spanish 0000 GMT 13 Jan 95

[Interview with Jose Fernandez de Cossio, head of the Americas Desk of the Ministry of Foreign Relations, by Zenaida Costales; from the "Exclusive" program—recorded]

[FBIS Translated Text] [Costales] The third round of migration talks between Cuba and the United States will be held in New York on 18 January. How is Cuba prepared for this new round of talks?

[DeCossio] Cuba is in a condition to examine, with the U.S., the level of fulfillment of the accord signed in September 1994. We have been strictly fulfilling our part of the migration accord, and have kept watch on how the U.S. has fulfilled its part, however, there is always a need to review and check the progress of things, and each side has its opinions on the joint progress attained. As a delegation, we will be attending with the knowledge of having fulfilled our part.

[Costales] Regarding the fulfillment of parts of the accord, the MIAMI HERALD recently published a report stating that the Immigration and Naturalization Service had announced that the U.S. has fulfilled its part so far. Is this true?

[DeCossio] The news referred to certain points in the migration accord regarding a specific number of visas issued. In this regard, although we do not have the exact figure on how many visas they have issued, we have reason to believe that they have been processing and granting visas at a rate that will allow them to meet their part of the accord in this regard. Other information also indicates that they are taking measures to fulfill other sections of the accord, including discouraging hijackings and use of force to leave Cuban territory and enter the United States. [end recording]

Touts Compliance With U.S. Migration Pact

PA1301035295 Havana PRENSA LATINA in Spanish 0230 GMT 13 Jan 95

[FBIS Translated Text] Havana, 12 Jan (PL)—A Cuban Foreign Ministry official has reported that Cuba will attend the upcoming round of migration talks with the United States prepared to review compliance with the bilateral agreements reached in September 1994.

Carlos Fernandez de Cossio, director of the North America Department of the Foreign Ministry, told national radio that Cuba has complied to the letter with the commitments it made in New York, and, he added, we have been observing how the U.S. side has been complying.

Nevertheless, the Cuban delegation member added that it is necessary to review and follow-up on the matter.

The third round of negotiations on migration between Havana and Washington is scheduled for 18 January in New York City. The last round of the talks took place at the end of 1994 in the Cuban capital.

In September, both countries signed an understanding that establishes, among other points, the granting by Washington of at least 20,000 visas annually to Cuban applicants.

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Fernandez de Cossio said he does not know exactly how many visas have been granted so far, but he noted he has good reason to believe Washington has been processing and granting (visas) at a pace that will permit U.S. compliance with its visa commitment.

We also know, he said, that measures have been adopted to prevent the kidnaping and use of force by people wanting to leave Cuba for the United States, which was another element of the understanding.

Australian Foreign Minister To Visit 18, 19 Jan

FL1301031995 Havana Cuba Vision Network in Spanish 0100 GMT 13 Jan 95

[FBIS Translated Text] Official sources in Australia have confirmed that Australian Foreign Minisyter Gareth Evans will visit Cuba on 18 and 19 January to discuss bilateral issues and other issues of mutual interest. According to that source, Evans will meet with his counterpart Roberto Robaina and with Ernesto Melendez, minister of Foreign Investment and Economic Cooperation. Among topics discussed will be the possibility of investments in the island's mining industry.

Pinar del Rio To Send 26 Delegates to FEU Congress

FL1301033295 Havana Radio Reloj Network in Spanish 2043 GMT 12 Jan 95

[FBIS Translated Text] The Province of Pinar del Rio will send 26 delegates to the Fifth Federation of University Students [FEU] Congress to be held in Havana on 11 to 13 March. Alejandro Garcia, vice president of the FEU national secretariat, announced that scientific research, eliminating academic fraud, and ideological work in every classroom are some of the issues that will be discussed.

This month, students in Pinar el Rio will conduct meetings at brigade level in preparation for the congress and to select the delegates. In connection with the FEU congress, the youth of the province plan to bestow Fifth Congress status on several economic, production, and social centers.

IAEA Head Praises Measures at Juragua Nuclear Plant

FL1301031295 Havana Radio Rebelde Network in Spanish 0000 GMT 13 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] (Hans Bricks), general director of the International Atomic Energy Agency [IAEA], visited the Juragua Nuclear Plant on 12 January and was extremely pleased with the measures implemented there to preserve the facility, which has been closed since September 1992.

(Bricks) also visited Havana's Nuclear Research Center [words indistinct] and asked about the various lines of work conducted there. This center, inaugurated in 1987, works primarily on applied radiobiology, in conjunction with the Agriculture and Public Health Ministries, in an effort to attain new varieties of plants and radiosterilizations. The center also works on other physical applications and the development of equipment and technology, and renders services to over 25 Cuban institutions. One of its projects is the search for possible uranium deposits in Cuba. Uranium has been found in several areas but in trace amounts.

The IAEA will give Cuba technical aid worth $1.3 million by means of 11 projects in agriculture, cattle, and other basic industries.

(Bricks), together with Pablo Marco, director of the Planning and Technical Cooperation Office of the Organization of American States, and other Cuban figures from this sector will visit the Radiation Protection and Health Center tomorrow and the nearly finished Isotopes Center in the area of Pedro Pi [2302N 8211W].

Correspondents Discuss Energy Problems

FL1201220195 Havana Radio Rebelde Network in Spanish 1700 GMT 10 Jan 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Fernando Davalos—live or recorded]

[FBIS Translated Text] [Roque] I know that you are the ideal reporter to talk about today's subject because you are an expert on the development of Cuba's oil industry and the energetic industry in general. There are certain rumors going around and people are wondering what is happening. As you know, there is a crisis, which mainly affects the energy sector. For example, the year has just begun and so have the outages. This is giving way to different opinions.

On the other hand, it is said that Cuba has produced over 1 million metric tons of oil. The year that just ended, was a good year in oil production. We would like to talk about all of these things here on today's program.

[Davalos] First of all, I wanted to clarify that I am not an expert. I am just a reporter like any other.

[Roque, interrupting] Yes, but you are interested in this issue.

[Davalos] Yes, of course. Oil production is very interesting subject. Yes, I have also heard those same questions. People are asking: Where is the petroleum? Just hours ago—and this report is still circulating on the streets—we heard the marvelous news that Cuba produced almost 1.3 million metric tons of oil, to be exact, 1,298,000 metric tons. This is an unprecedented amount for Cuba. That is national oil, extracted here in Cuba, with enormous efforts. You might say that this is an

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accomplishment by our oil workers, but it is not enough. One must consider our oil consumption.

We are currently importing 6 million metric tons of petroleum. This is less than half of what we were receiving from the Soviet Union. To those 5 to 6 million metric tons, add the 1 to 3 million that we produce. It is not enough. It is not even half of what we used to receive from the Soviet Union. Because of that we have paralyzed industries and outages. The oil we buy must be paid for in foreign currency—or as they call it, green foreign currency. It must be paid for in cash. We cannot pay for it with sugar, because we don't even have the sugar. We just had two short harvests that did not yield very much.

[Roque] A lot has been said about the quality of our oil and about its problems. People are asking themselves: what is Cuba's oil being used for?

[Davalos] Well, 25 percent of Cuba's oil... [pauses]. Approximately, 25 percent of the energy that was generated in Cuba, during 1994, was generated with Cuban oil. With that oil we are producing cement at all the cement factories that are operating. Another thing is gas. A very curious thing, which directly involves the population, is natural gas. It comes from the oil or from gas wells which supply gas to the Guasima, in Matanzas, and to Boca de Camarioca, and Boca de Jaruco. Gas even reaches Rincon de Guanabo.

We are developing a project—and I believe it is about ready to begin operating—through which gas will be supplied to the entire Varadero peninsula. Natural gas will be supplied to all the luxury hotels, to the population, and to the town of Santa Marta. Gas is also being used for industrial proposes, for soldering and there are even vehicles on our roads that carry tanks with methane gas. Those are gases from our deposits, however, there is a contradiction between what we want, what we need, and what we have obtained so far.

[Roque] We have recently received some good news that makes our people very happy: More oil deposits have been found. This makes us all very happy because one day we will get out of the special period, and we should start thinking about that future. How are the contracts with foreign oil companies working out?

[Davalos] They are working out very well. Approximately 50 percent of our national territory has already been contracted for exploration at risk. Do you know what these contracts at risk are? These foreign companies invest resources. They begin to study and to explore and if they find oil then—as we say in Cuba—we split the costs and we divide it up according to the established agreement.

The last company to come is the (British Borneo) it received a contract to explore a large area in the central region, between Villa Clara, Cienfuegos, and Matanzas Provinces. This area is very promising.

As you stated before, we cannot forget that two deposits have already been found. The first was found in Bahia de Cardenas. The president of the corporation that owns the (Canadian Northwest Energy)—this is the company that found the deposit—said that this was a great discovery. That was a very good assessment.

Cuban technicians have made no statements, exercising tact and discretion, but then here comes this Canadian and at the National Hotel he says that this is a great discovery. Let's get one thing clear... [pauses] yesterday a friend told me that in a couple of years it would be ready to produce. No, we must open more wells; pipes must be hermetically connected, and this deposit must be developed. That means $200 to $400 million. Furthermore, it takes seven years from the time the prospecting begins to the time of extraction, however, in this case, headway has already been made, so perhaps in three years, this deposit may be ready to produce. The oil well at Puerto Escondio is producing 140 metric tons of crude oil daily. This may not be a large quantity, but it is important.

[Roque] What about the petroleum that can be refined here in Cuba? There were projects in this area with Mexico and Colombia.

[Davalos] Several pre-accords have been signed, but not with Colombia. Cuba and Mexico are going to jointly operate the Cienfuegos refinery, but investments must be made in that refinery. Talks are still underway on this issue. Cuba and Mexico plan on carrying out this project involving the enormous refinery in Cienfuegos. It appears that things are going well, but they will still take time. An investment of approximately $100 million or more must be made to modernize the facility because—let us speak plainly— the facility was built with outdated technology. The Mexican-Cuban association understood that this facility needed to be modernized.

[Roque] Yes, that is right; we are suffering certain problems that could have been resolved some time ago, but were not. Things like this occur throughout the energy sector. Still within this sector, but now talking about gas, you just mentioned the gas supply situation; you mentioned the gas that is coming from the new wells in the western region, such as in Matanzas. Here in Cuba we have a serious with manufactured gas. This has nothing to do with the other type of gas.

[Davalos] Yes, especially affecting large areas of Havana City. There are technological problems, old boilers, and old equipment. Just imagine, a straw goes in someone's eye and the gas supply to 200,000 or 300,000 people is interrupted. That is a real problem.

[Roque] There is another problem: As you know, manufactured gas is distributed in several of Havana City Province's municipalities. You get gas..

[Davalos, interrupting] That is right; you know what you are talking about..

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[Roque, interrupting] Yes, I know a little about this issue. What we do know and have known for years is that a great number of people are connected to that gas supply service illegally.

[Davalos] They do not pay for their gas supply.

[Roque] They don't pay for the gas they use. I think Cuba is losing a lot of money. Cuba's economy is suffering.

[Davalos, interrupting] Yes. That is absurd. First of all, those people should not be cut off from the gas supply; this is a reality that must be recognized. What must happen is that all of those people must have their situation legalized. They must... [pauses] because they are stealing gas—can we say that? We must be careful about how we talk because for many years, no one had to pay for gas here in Cuba. This was an historic lack of discipline that later changed. Now I understand that the money being collected for this service is quite a lot and there are no debtors, however, the situation must be fixed and normalized.

[Roque] In any case, can you just imagine the number of people obtaining gas illegally. These are people who have nothing to cook with. They need...

[Davalos, interrupting] Yes, some are tapped into the gas supply.

[Roque] Yes, tapped into the gas supply. They are using their neighbor's gas supply—I mean they connect themselves to their neighbor's gas supply and they share costs. The problem is that Cuba cannot afford this now, not during the current crisis. There is money in circulation out on the street. There are many paths being opened up such as the farmers and industrial markets. There are many paths being opened which are ways for that money to return to the state. There are many ways of collecting money. If you calculate, each person pays approximately 90 cents.

[Davalos, interrupting] Actually, 95 cents.

[Roque] Yes, 95 cents. Let's say one peso. Let us say there are four people per household and let's say there are 10,000 illegal gas users in Havana City. Just calculate—that represents 400,000 to 500,000 pesos that we are not collecting.

[Davalos, interrupting] We cannot allow this illegal situation to continue. To resolve this problem there are certain things needed—investments, security measures, gas meters, pipes, connections.

[Roque, interrupting] Yes, but these people have found a way to tie into the pipelines. Speaking quite plainly, people have turned this into a tremendous business. People are using gas illegally. I am not saying that we should cut off the gas supply to those who are stealing it.

[Davalos] No, no, we must recognize this situation.

[Roque] Yes, and once and for all legalize the situation.

[Davalos, interrupting] It is necessary for the situation to be resolved. I think that the sector's authorities must take note because that is the way it has been done in other sectors. It happened with electricity. Unfortunately, Cuba does not have the capability of broadening its electrical service... [pauses] how much more can the service grow, when 95 percent of Cuba's population already receives this service? In any case, the situation must change. These people must pay and we are talking about quite a lot of money.

[Roque] We have been talking about several things—first petroleum, then natural gas, and finally, we spoke about manufactured gas. In any case let's return to petroleum because people are worried about the petroleum problem.

[Davalos] If I were to ask an oilfield worker if there is petroleum—because that is what everyone is asking—that worker would answer me; I do not have a crystal ball. The oil people do not work with crystal balls, tarot cards, or lotteries. They are here in Cuba... [pauses] Cuba is taking a very serious survey with the participation of foreign companies, using the most advanced technology in the world. As I said before, it takes six to seven years from the time the survey begins until an oilfield becomes productive. That is a long time. The problem is that we are in a hurry. That is the first thing that we must recognize. We need petroleum, however, I can say that in Cabaiguan [Sancti Spiritus Province] the Canadian Northwest Energy Company is opening a third well. I have heard unofficially that this well is doing great. It seems to be promising. Let's wait and see. Perhaps later there will be no production, or it will not be economically feasible to extract that crude oil, assuming that it's there at all. A foreign oil company's expert recently stated publicly that in his opinion, crude oil was to be found in southern Cuba. That area is contracted to a Swedish company. Furthermore, I know that in that area, an underground fossil formation [arrecifales] has been found. When these formations are found in other parts of the world, they have usually meant large oil deposits. That does not mean that the crude oil is there just waiting for us. I believe that this type of thing should be said, even if it is not a sure thing—we will only know there is crude oil when it begins to pour out of the pipe—but this encourages people.

[Roque] These things are good news and we must talk about them here.

[Davalos] Yes, that's right.

Agriculture Minister Reports Decline in Livestock Levels

PA1201234395 Mexico City NOTIMEX in Spanish 2019 GMT 9 Jan 95

[FBIS Translated Text] Havana, 9 Jan (NOTIMEX)—Cuban Agriculture Minister Alfredo Jordan revealed today that the island's 1994 cattle herd declined by

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one-third and dairy production dropped two-thirds in relation to the pre-economic crisis levels of 1989.

Last year ended with Cuba having 4.665 million head of cattle, compared to 1989's 7 million head. Dairy production in 1994 was 350 million liters, compared to 1 billion liters produced at the end of the past decade, the official said.

Minister Jordan noted that the slaughter of animals to meet food demands increased slightly, but nevertheless "failed to resolve our urgent needs." He noted that 200,000 oxen are being used as beasts of burden because of a lack of fuel.

Jordan, a member of the Politburo of the ruling Communist Party of Cuba, released this information at the conclusion of a tour of the country's central and eastern regions. He also said last year there was a "slight recovery" in the agricultural sector.

According to an article published Monday in the official TRABAJADORES weekly, "the country's financial difficulties, the lack of discipline in the field of technology, and a fluctuating labor performance" all contributed to keep the recovery at a modest level.

The reactivation of production, which the minister attributed to the promotion of cooperatives in the countryside and to incentives now given to workers, did not benefit the edible roots and vegetable sectors, which are vital for the people's nutrition. TRABAJADORES gave no details about which agricultural sectors experienced a slight recovery.

Jordan said the country produced 21 million quintals of edible roots, 4 million less than in 1993 and 12 million less than in 1992, when there was record production of 33 million quintals.

Cuba is experiencing a severe recession since the demise of the Soviet Union and the Eastern European socialist bloc, and now it is enduring shortages of fuel, food, medicine, transportation services, and most consumer goods.

Jordan said the government has established emergency measures to increase livestock levels to those of 1989 and has worked to combat low birth and artificial insemination rates, as well as to fight the stealing and slaughtering of approximately 30,000 head of cattle.

The country's food potential "is not being exploited to the fullest," considering that 1.056 million hectares of the 2.244 million hectares dedicated to grazing pastures are overgrown with shrubs.

The agriculture minister reported that at the end of December there were approximately 35,640 hectares (10,560 more than in 1993) ready to be used to enhance tobacco production.

Jordan also reported there are 1,200 basic cooperative units that were created last year when the lands of former state farms were awarded to approximately 112,000 workers (now cooperative members), but only 60 percent of them produce profits.

Jordan explained that last year his ministry had to conduct its work with only 25 percent of the resources it had available in 1989, while state subsidies to the ministry were cut 50 percent. Jordan released no other figures.

Robaina: Country Pursuing 'Humanitarian Effort'

FL1201152095 Havana Radio Reloj Network in Spanish 1501 GMT 12 Jan 95

[FBIS Translated Text] Roberto Robaina has told a seminar attended by Committees for the Defense of the Revolution leaders that we are pursuing a humanitarian effort [una obra humana] and that nothing would help us more than presenting Cuba to the outside world just as it is.

Costa Ricans To Protest 'Neoliberal' Policy

FL1201194895 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] The influential teacher and public employee unions of Costa Rica today called for a protest against the neoliberal policy of the current administration. The protests will begin with a massive act in downtown San Jose to demand higher salaries and decry the high cost of living.

Results of Worldwide Government Scandals Examined

FL1301032995 Havana Cuba Vision Network in Spanish 0100 GMT 13 Jan 95

[Commentary by correspondent Carlos Igelsias; from the "NTV" newscast]

[FBIS Translated Text] In Latin America, accusations and counteraccusations of corruption [words indistinct] demolishing artillery. He who lives by the sword dies by the sword. Many may still remember that Brazilian President Fernando Collor de Mello was accused of corruption. He was later followed by his accuser, Deputy (Victor Di Moura). Nevertheless, the phenomenon is not exclusive to the Latin American countries. In Europe, corruption has the Spanish Government in check and to a large degree, caused the resignation of the Italian Government. In Japan, high-level officials were involved in a blackmail scandal that caused successive political crises. U.S. President William Clinton did not escape the muck-raking. Such witch hunts have destroyed public trust and the idea has begun to flourish of a party independent of the Democrat and the Republican parties.

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Economic Changes Debated at Labor Research Meeting

FL1301032695 Havana Cuba Vision Network in Spanish 0100 GMT 13 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] The first meeting on Labor Research, which is being held at the Cuban Workers Federation national headquarters will conclude tomorrow. The economic transformations and their impact on society are the center of the debates. The research includes new relations in production, employment, and management, and experiences and ideas that could perfect the current changes. The delegates examined the country's labor policy under the current conditions as well as issues related to the decentralization of the [words indistinct] and the need to provide more autonomy and decision-making authority to the managers. This was presented by Alejandro Infantes in a report on the Revolutionary Armed Forces' business sector, which allowed the military industrial complex to conclude 1994 with earnings and good results in the economic indicators.

Haiti

U.S. Soldier, Armed Civilian Killed in Reprisal

FL1301015195 Port-au-Prince Radio Metropole in Creole 2100 GMT 12 Jan 95

[FBIS Translated Excerpt] The focus of the news this afternoon is in Gonaives where a U.S. soldier is seriously wounded and a Haitian citizen is reported dead. Three armed civilians driving a pick-up truck shot a U.S. soldier. Two others [not further identified] are reported wounded. This incident took place at the exit from the city where someone has set up a toll booth. Every car that passes through is expected to stop and pay a fee.

The Haitian Press Agency reports that according to the Justice and Peace Commission, those civilians, members of the neo-Duvalierist organization, Revolutionary Front for the Promotion and Progress of Haiti [FRAPH], received an immediate counterattack from the U.S. military. One of the civilians was wounded, another arrested, and the third one escaped. After this incident, the population in Gonaives took to the streets to demand the disarming of all armed civilians and paramilitary bands. The crowd gathered in front of the Providence Hospital and in front of the office of the departmental delegation. A little past midday, the U.S. troops arrived and surrounded the Toussaint Louverture barracks in Gonaives and prevented cars from driving past the barracks. Parents who feared that the situation might escalate rushed to get their children from school, which caused a panic in the city. [passage omitted].

U.S. Ambassador William Lacy Swing stated that he deplored the fact that there are new victims and recalled that he had never stopped seeking the disarming of the paramilitary groups created by foreign secret services. The Justice and Peace Commission asks MINUHA to consider the U.S. Army's refusal to disarm the civilians and to include disarming in the reference terms of its mission in Haiti for the security of its members and the Haitian people.

Following this incident, the question asked in Gonaives was who, what organization, which authority was responsible for establishing this toll station, what are the reasons for it, how long has it been there, what is the money for, and who collects it.

A last-minute news flash advises us that the U.S. soldier injured in the incident is dead. U.S. Embassy Spokesman Stanley Schrager just confirmed the news. It is the first registered death among U.S. soldiers, at least by gunshot. Three U.S. soldiers had previously committed suicide. It is the first time that a U.S. soldier was shot since the U.S. intervention in Haiti on September 1994. [passage omitted]

Let us recall that there is also one Haitian who died—the person who shot the U.S. soldier. So two people died in the incident that took place today in Gonaives.

Aristide Spokesman on National Budget, Security

FL1301005895 Port-au-Prince Signal FM Radio in French 1130 GMT 12 Jan 95

[FBIS Translated Excerpt] Yvon Neptune, spokesman for the Haitian presidency, pointed out in an 11 January news conference at the National Palace that the government's new priorities are the national budget and the insecurity problem. The current situation in the country, including the high cost of living and the organization of forthcoming elections, has held the attention of the team in power, according to Haitian presidential spokesman Yvon Neptune. Let us listen to him:

[Begin Neptune recording, in Creole, in progress] ....that we determine what needs to be taxed in the country. We have the various ministries: in particular, the Ministry of Finance. We also have the General Directorate of Taxes and all the national agencies that work together on these issues. That is why I say it is a question I have not tackled directly and which I believe falls within the scope of the Ministry of Finance. I already said, insofar as you feel that there is a... [pauses] an influence or an impact on, I could say the country's general policy, in which the executive has a role to play as well, I would try to answer this matter.

Insecurity is not a problem that the executive has ignored. In fact, it concerns and holds the attention of the executive very much. [passage omitted] [end recording]

Source Says CEP Sent Draft Electoral Law to Aristide

FL1101230095 Port-au-Prince Signal FM Radio in French 1130 GMT 11 Jan 95

[FBIS Translated Text] We have learned that everything is going well with regard to the electoral situation. A

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source close to the CEP advised the Haitian Press Agency that an electoral law drafted by the Provisional Electoral Council [CEP] has been sent to President Aristide.

Senate President Comments on 45th Legislature

FL1301000295 Port-au-Prince Signal FM Radio in French 1130 GMT 12 Jan 95

[FBIS Translated Text] Another burning issue in Parliament is the end of the 45th Legislature, which is a matter of the Constitution versus mathematics, according to the president of the National Assembly, Honorable Senator Firmin Jean-Louis:

[Begin recording, in Creole] I have already said on the radio that we are in consultation with the executive. As you know, there are two [words indistinct]—a mathematical viewpoint that says the senators and deputies were sworn in on 4 February (?1991) [words indistinct] [end recording]

Well, you understand it well: Technical difficulties prevent us from listening to the president of the National Assembly.

Deputy Predicts End 4 Feb

FL1301011195 Port-au-Prince Signal FM Radio in French 1130 GMT 12 Jan 95

[Passage within slantlines in Creole]

[FBIS Translated Excerpt] Regarding the presence in parliament of senators and deputies of the 45th Legislature, Leogane Deputy Gerard Evanns Beaubrun speaks of an exceptional situation—yes, de facto or exceptional. The Leogane deputy, speaking on Signal FM, believes that as the extraordinary convening is unlimited, the mandates of the parliamentarians will undoubtedly expire on 4 February since they were sworn in on 4 February, 1991. Beaubrun does not share the idea of extending the mandate of the parliamentarians of the 45th Legislature. Let us listen to Deputy Beaubrun:

[Begin recording, in Creole] Actually, the 46th Legislature should have taken over on the second Monday of January. But since there is no 46th Legislature, we are in an extraordinary session. This extraordinary session, which began in October, continues today even though we have reached a constitutional date—the second Monday of January. [in French] The 45th Legislature actually began its work on 4 February 1991. Based on that date—not the principle, but the fact—the normal mandate of the 45th Legislature will undoubtedly end on 4 February 1995. But so far, we are not unconstitutional. [passage omitted] [end recording]

Deputies Approve Petroleum Product Price Increase

FL1301022795 Port-au-Prince Radio Metropole in French 1700 GMT 12 Jan 95

[FBIS Translated Text] The deputies voted the bill on 11 January instituting a variable tax on oil products after initially rejecting the bill. Minister of Finance Marie Michele Rey specified that the increase in the price of oil products would not be automatically instituted as a result of this vote. More than 140,000 barrels of petroleum products arrived on 8 January. The Ministry of Finance stressed that the increase would not affect this shipment.

Parliamentarians To Attend Conference in Brazil

FL1101230195 Port-au-Prince Signal FM Radio in French 1130 GMT 11 Jan 95

[FBIS Translated Text] A delegation of Haitian parliamentarians have left Haiti for Brazil. This delegation will participate in a conference on Human Safety [as heard] in Latin America and the Caribbean. Informed sources advise that this conference will take place in Brazilia on 16 and 17 January.

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Trade Minister Hails U.S. Aid in Peso Crisis

BR1201143595 Paris LE FIGARO (LE FIGARO-ECONOMIE Supplement) in French 12 Jan 95 p 8

[Interview with Mexico's Herminio Blanco, trade and industry minister, by Irene Jarry in Mexico City; date not given: "Herminio Blanco: 'Our Finances Are Healthy'"—first two paragraphs are LE FIGARO-ECONOMIE introduction]

[FBIS Translated Excerpt] On 24 January the Mexican trade and industry minister will be coming to Paris in the company of the economy minister to discuss the economic situation of his country with his French counterparts. The visit comes in the wake of the peso crisis which continues to have a damaging effect on the Mexico City stock exchange and the country as a whole. [passage omitted]

In France, Paribas [French bank] announced yesterday that it will be proposing a loan to Mexico. According to Paribas President Andre Levy-Lang, the French bank will thus be replying to the call by the Mexican authorities because of its commitments in this country whose long-term prospects are good despite the current crisis. The amount and conditions governing the Paribas loan have yet to be worked out. This will probably be the first loan to Mexico by a non-American bank. Of the $18 billion promised to the Latin American country by its partners in the West, some $3 billion will be provided by the private banking sector. [passage omitted]

[Jarry] How do you explain this crisis?

[Blanco] Mexico, like all developing countries, needed a flow of capital to complement national savings. We wanted to make our economy more competitive and stable, and we became a very attractive proposition for foreign capital which then financed our current account. What happened is that in 1994, for a string of internal and external reasons, the investors became edgy. We found ourselves in the impossible situation of having to finance our own current account. The internal reasons were the Chiapas uprising and the murder of two leading members of the ruling party, the presidential candidate Luis Donaldo Colosio and General Secretary Jose Francisco Ruiz Massieu.

There were also external reasons, such as the situation in the United States and its rising interest rates. The moment the Federal Reserve increased its rates in February 1994, there were falls on all the Latin American stock markets. It was this combination of factors that led to the crisis. However, Mexico's finances are healthy.

[Jarry] Has the NAFTA [North American Free Trade Agreement] treaty played a part in this crisis?

[Blanco] No, quite the contrary. Our trade with the United States and Canada was one of the main successes of 1994. Our exports grew by 22 percent and imports are up by 23 percent. This high rate of exports made it possible to create many jobs in Mexico.

[Jarry] Do you think that NAFTA should be completed with a process of monetary union?

[Blanco] No, I don't think so. When the difficulties began the United States and Canada opened a line of credit according to the mutual assistance agreement laid down in NAFTA. The treaty is just fine as it is.

[Jarry] Why was so much capital pulled out?

[Blanco] A lot of the capital was tied up in short-maturity high-interest government securities: The tesobonos (Mexican treasury bonds), which are index-linked to the dollar. Certain investors decided to liquidate their tesobonos which meant that a lot of capital flooded out of the country causing tension on the exchange markets.

[Jarry] In what way has the crisis affected trade, industry, and companies?

[Blanco] They will not be affected. On the contrary, with the new exchange rate all of our companies will increase and probably double their export capacities. This is a great opportunity which we must seize: Our manufactured products will be less expensive and will therefore be much more competitive. Our exports can only grow, starting with our exports to the United States.

[Jarry] How have Mexican businessmen reacted?

[Blanco] Nobody takes any pleasure in accepting the devaluation of the currency. I have just met with the Mexican employers' confederation and at no time were our talks strained. I must stress that our companies will be more competitive as a result, and therefore, in the longer term, this crisis will have had a positive effect.

[Jarry] What will happen to those companies that have run up debts in dollars?

[Blanco] Many of our companies are exporters and will be so to an even greater extent now. What they urgently need is for the banks to restructure their debts. However, their new-found competitiveness will enable them to quickly earn more dollars. For them this is just a short-term liquidity problem, not a problem of solvency.

[Jarry] In September the government predicted an inflation rate of just 4 percent. What are the predictions now, in the wake of this crisis?

[Blanco] We realize that a higher rate of inflation is inevitable. Very reliable predictions now put inflation at an average rate of 15.9 percent for 1995. This figure has been confirmed by U.S. experts. The "social pact" proposed by President Zedillo was devised so that this devaluation and the inevitable inflation that will result will have as little impact as possible and will pass as quickly as possible so that everything can quickly return to normal.

[Jarry] Will imports fall as exports rise?

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[Blanco] Clearly that is what we must ensure if we are to rebalance the books and clean up our trade balance. That is part of the new government's program.

[Jarry] Which companies will be privatized?

[Blanco] President Zedillo has announced a series of privatizations aimed essentially at not slowing the expansion and modernization of the country's infrastructures, that is to say in the ports, airports, road, rail, satellite telecommunications, and petrochemicals sectors.

[Jarry] Conflicting statements have been made on the subject of the petrochemicals sector. Economy Minister Ortiz said in New York that the Pemex company (the national petroleum company) would be privatized, whereas on Monday [9 January] your energy minister said that there was no question of this. So what is the situation of Pemex, exactly?

[Blanco] There is no contradiction. Pemex is split into two parts. One part deals with the oil extraction process, the refineries, and the development of the basic products. That part belongs to the state and there is no question of it being privatized. However, what can be and will be privatized is the part that deals with what we call secondary petrochemicals, that is nonessential petroleum derivatives. For that there is no law preventing us from selling off the Pemex plants that deal in these secondary products.

[Jarry] What figure would you put on foreign investment in 1995?

[Blanco] We estimate foreign investment at around $8 billion. This is a very realistic estimate that takes into account the income from the privatizations. Despite our current problems, Mexico remains a very competitive and very attractive country.

[Jarry] Are you pleased with the aid from the United States?

[Blanco] Absolutely. Moreover, we are also pleased with the aid from the international community. This aid has helped us through this period of intense speculation.

[Jarry] Did the help from the Fed not come a little late?

[Blanco] Certainly not. The Fed intervened right on time. It made available to us the funds we might need at exactly the right time.

[Jarry] How long do you think the crisis will last and what will be the negative effects?

[Blanco] It is hard to say. The cash crisis should calm down quite quickly, as should the tensions on the financial markets.

[Jarry] Is Mexico still interesting for foreign investors?

[Blanco] Of course. I do not have any doubt about it. Mexico, situated as it is on the U.S. border, is linked to the whole of North America through the complex NAFTA treaty. It is also linked to the industrialized countries through its membership of the OECD. These are the best guarantees that we can put forward. Moreover, the investors that come to Mexico are protected by laws which force the country to cover any losses made. That is the most security any country can offer an investor. Once again, let me assure you that Mexico is more than ever a solvent and competitive country that is open to the main world markets.

Finance Secretariat: Investors Regaining Confidence

PA1201141795 Mexico City NOTIMEX in Spanish 0425 GMT 12 Jan 95

[FBIS Translated Text] Mexico City, 11 Jan (NOTIMEX)—The decrease in the volatility of financial markets observed today indicates investors are recovering their confidence, the Mexican Finance Secretariat stated today.

In a communique published tonight, the Finance Secretariat stated it "hopes the stabilization process in the financial markets will continue in the next few days."

"The behavior observed in the financial markets today reflects a gradual increase of the investors' confidence," the communique stated.

The Finance Secretariat added the trend is the result of "the implementation of some measures outlined in the economic plan" announced by President Ernesto Zedillo on 3 January, but the Secretariat did not specify which measures.

Another reason for the reduction in the financial volatility was "the expectation that followed the telephone conversation between President Zedillo and U.S. President (William) Clinton," the source added.

It was learned after the phone call that President Clinton had requested the support by the Federal Reserve and the IMF for Mexico.

The Mexican Stock Exchange Market indicated a significant improvement on 11 January, with a closure of 2,027.87 points in its price and quotation index and a profit of 55.54 units (2.82 percent). The foreign exchange market indicated stability in interbanking quotations today and closed at 5.75 new pesos per dollar; that is, five cents below the previous day's level.

The money market also indicated stability in its quotations, with a low volume of transactions. The floating of Treasury Certificates (CETES) and banking notes closed at 45.46 percent and 51.25 percent respectively.

The purchase of Brady Bonds, Mexican foreign debt documents sold abroad, indicated a significant increase in par value and discount bonds, climbing 6.3 percent and 9.4 percent, respectively.

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PRD Proposes 5-Point Economic Alternatives

PA1201152395 Mexico City XEW Television Network in Spanish 0430 GMT 12 Jan 95

[Report by Fernando Mora from the "24 Hours" newscast]

[FBIS Translated Text] [Unidentified announcer] The PRD [Party of the Democratic Revolution] presented an economic plan for Mexico today. Here is Fernando Mora with a report:

[Mora] On behalf of the PRD National Executive Committee, PRD President Porfirio Munoz Ledo, in a news conference on 11 January, disclosed a document dubbed "For the Defense of the National Patrimony and the Popular Economy." Munoz argued Mexico's economic crisis stems from an erroneous policy that has been imposed on the country for more than 10 years, causing unfavorable results:

[Begin Munoz recording] Mexico has been placed in a more vulnerable and less competitive position instead of the improvement of our economic relations with other countries. Mexico's productive sectors have been dismantled instead of the creation of more efficient companies and more jobs. [end recording]

[Mora] The document, which was read by Munoz Ledo, proposes in five points the economic alternatives the PRD believes must be implemented. These five points are: to reevaluate Mexico's economic relations with other countries; to review the fiscal policy so that speculative profits are taxed; to fight the depressing effects of the devaluation with measures that protect jobs and avert the sacrifice of workers; to defend national sovereignty and strategic public companies; and to reduce unnecessary imports.

Munoz said this document will also be submitted to the president.

Finance Secretary Reports Progress in Credit Negotiations

PA1201235095 Mexico City NOTIMEX in Spanish 2216 GMT 12 Jan 95

[FBIS Translated Text] Mexico City, 12 Jan (NOTIMEX)—Finance Secretary Guillermo Ortiz Martinez asserted today that Mexico has obtained positive results in the process of negotiating credits from abroad. He also said joint efforts must be made with international financial authorities to secure the normalization of the international markets. Referring to credits being negotiated with international banks and other countries, he said: "We do not are not trying to increase the size of our debt, only to negotiate better terms for it." He added that the goal is to "renegotiate our short-term debt, the so-called tesobonos [treasury bonds], and convert it into a long-term debt to prevent the size of the debt from increasing. [no closing quotation marks as received]

Commenting on U.S. President Bill Clinton's support, the official said, "Mexico's plan is sound, and it will allow us to overcome this situation in the short-term if all Mexicans are united."

He added, "It is essential for all Mexicans to be united. This is why we are holding meetings to follow-up the pact. We believe we will soon see the stabilization of the financial markets."

Zedillo Urges Sacrifice, Vows Honesty in Face of Crisis

PA1301014695 Mexico City Radio Acir Network in Spanish 0000 GMT 13 Jan 95

[Report by Rosy Ahuatzin Vasquez from the "Evening News Panorama" newscast]

[FBIS Translated Text] President Ernesto Zedillo insists on speaking the truth, and he has admitted that no one can deceive the Mexican people. He discussed the housing program for Ixtapalapa, and said he does not want to be president of a six-year term that offers nothing but suffering to the people. This is why, he said, his government will not hesitate to make decisions that have to be made one at a time. He reiterated: The crisis is serious, but I am not going to engage in demagoguery. Mexicans must make sacrifices, and it is best that we make them right now to prevent the situation from becoming worse.

[Begin Zedillo recording] I cannot hide the fact that we must make great efforts, just as I cannot hide the fact that I have complete confidence the Mexican people, strong and united, will be able to emerge victoriously. I want to assure you, my friends, that in the face of the current situation, the Mexican Government will not hesitate to tell you the plain and simple truth and to tell the people exactly what is required to overcome the situation. The Mexican Government will make whatever decisions must be made, one by one, without any lies, without false populism, and without engaging in demagoguery or deceit, because, as we all know, the Mexican people cannot be deceived. [end recording]

The housing program in Ixtapalapa calls for the construction of 45,000 homes here. The Mexican president announced that an advisory council for the construction of homes will be created to oversee the preservation of our lands, to grant financing, and to leave the owners of these lands satisfied.

We should point out that in his speech, although the creation of the council for the construction of homes was important, more important was the speech's political overtones. President Zedillo said the Mexican Government will have to make some adjustments; that is, it will have to reduce social and public spending. He rejected, however, that this sacrifice by the government will involve any cuts in spending in areas such as education, health, housing, and, of course, basic services. The government, he insisted, will take on this sacrifice, but

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he also noted that he does not want the people to suffer throughout his six-year term.

The president said he does not want his term to become six years of suffering in the face of the current crisis, because he is certain the Mexican people are willing to tackle once and for all the problems we are facing.

Banks Announce Cuts in Profit Margins To Ease Client Debt

PA1301034395 Mexico City Radio ACIR Network in Spanish 0000 GMT 13 Jan 95

[Report by Marisela Palacio from the "Evening Panorama News" newscast]

[FBIS Translated Text] The weekly meeting to review the Pact for Welfare, Stability, and Growth was held early today, as happens every Thursday at the offices of the Labor and Social Welfare Secretariat. Today's meeting was attended by business, labor, and peasant leaders, as well as by government officials. Something interesting happened at today's pact meeting, however: It also was attended by bankers. Moreover, the bankers brought news that caught everyone's attention.

Jose Madariaga Lomeli, president of the Mexican Association of Bankers [ABM], announced that in an effort to support the Emergency Economic Program and help bank customers overcome the crisis, the ABM will soon implement a series of measures designed to prevent an increase in arrears. Madariaga Lomeli announced he had presented a report to the country's productive sector on the two measures the banks will offer clients to alleviate the situation.

The ABM today decided to reduce its profit margin from 7 percent to 5.5 percent, and it pledged to implement renegotiation programs for arrears. During a news conference held after the pact meeting, ABM President Jose Madariaga Lomeli announced that, given the risk of an increase in arrears, profit margins will be cut 1.5 percent.

[Begin Madariaga recording] The banks' current profit margin is 7 percent. It was at 5.5 percent in 1994, like I have told you on various occasions. It went up to 7 percent because of the increase in rates, so what we are doing now is to reduce it to 1994 levels. It is difficult—and I want to be perfectly clear about this—to measure the difference, because it is not a simple formula involving additions or subtractions. [end recording]

He also explained that a renegotiation of arrears will be carried out with each and every enterprise and individual who can prove their debts are capable of being renegotiated. He said the measures will cover enterprises, credit card holders, and individuals who have mortgages. The goal is to alleviate costs and help reduce interest rates, he said, adding that, according to the ABM's records, current debts in arrear amount to 50 billion new pesos.

Jose Madariaga said 1 percent of the debtors are not prepared to renegotiate their debt, and therefore the cases will certainly be subject to legal proceedings. Later, the ABM president ruled out the possibility of placing a six-month moratorium on debts in arrear owed by businesses.

[Begin Maradiaga recording] A six-month moratorium is not possible. We cannot ask... [pauses] we cannot offer debtors a six-month moratorium, because we cannot ask investors who deposited their money to either abstain from withdrawing their money or agree to give up collecting interest for six months. [end recording]

Workers Confederation Issues Circular Demanding Wage Hikes

PA1201223395 Mexico City EL FINANCIERO in Spanish 11 Jan 95 p 24

[Report by Ivan Sosa]

[FBIS Translated Text] In a confusing and contradictory circular, the Confederation of Mexican Workers (CTM) has directed its union affiliates to submit formal salary hike demands ranging from 15.3 to 56 percent.

Signed by CTM Labor Secretary Javier Pineda and Fidel Velazquez, the directive, which has been distributed to leaders of state federations and national unions, includes a form that needs to be completed by the union affiliates.

The circular, which was addressed to the various conciliation and arbitration boards, establishes "that according to Articles 374 and 375 of the Federal Labor Code, we demand, on our behalf and that of those we represent, that enterprise , or whoever else may have the responsibility, fulfill the following:

"A. A 15.3 percent salary hike, beginning on 20 and 21 January, and, from that day onward, a 56 percent salary hike for those we represent, in order that they recover, with equal percentage, the purchasing power lost abruptly as a result of the recent currency devaluation.

"B. In addition to the above, a hike equal to the percentage of the national currency devaluation, which reduces—similarly and proportionately—the purchasing power of contractual salaries."

Along with containing several confusing statements about, for example, the pay hike to be claimed, the document does not directly address the means by which unions should press for these demands. Nevertheless, the circular has been interpreted as a veiled political threat to call labor strikes and, in turn, begin another round of belligerent declarations.

In this document, the CTM abandons its modernization language and repudiates the period of concerted accords with employers. In doing so, this circular will pave the way for a return to the policy of direct confrontation—a policy limited to fighting for direct salary hikes.

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It also includes an open renouncement of Paragraph B of the chapter on "Prices and Salaries" of the Agreement of Unity To Overcome the Economic Emergency (AUSEE), according to which the unions vow not to demand salary hikes in excess of 4 percent and agree to reach accords with enterprises to improve productivity. The payoffs from this increased productivity is then to be used to provide monetary incentives for workers and increase investments.

The new document represents the workers' decision to turn back to a time of revolutionary speech, despite union leaders' professed opposition to this during the negotiations that led to the signing of the Pact for Stability, Competitiveness, and Employment (PECE) in October 1993.

Within the CTM itself, the document shows confusion among the leaders of the Central Committee about what it means to assume a commitment to maintain productivity, which now appears to be interpreted as nothing more than a way of demanding wage increases.

The circular states that the new directive resulted from a plenary meeting held just one day after the signing of the AUSEE, when three options were proposed within the CTM: giving up salary hikes throughout the year; leaving each union free to reach an understanding with its enterprise based on productivity; or threatening a general strike.

The plenary session opted for the second choice, but amid the confusion, the CTM leadership also decided to resort to the rhetoric of threatening a strike.

Demonstrations Staged in Capital To Protest Price Hikes

PA1301024395 Mexico City Radio Acir Network in Spanish 0000 GMT 13 Jan 95

[Report by Jesus Casasola from the "Evening News Panorama" newscast]

[FBIS Translated Excerpt] [Casasola] About 2,500 demonstrators have moved onto Juarez Avenue and are headed toward the central plaza. They are members of the Party of the Democratic Revolution [PRD], and they are demanding a solution to prevent hoarders from continuing to drive up the price of the family basket.

I should note that there were two groups. One came from the left side of the Monument of the Angel of Independence and another from the Chapultepec Metro Station. After merging, the protesters are now marching toward Constitution Plaza. The Roads and Safety Secretariat has dispatched a security contingent to the area.

Nevertheless, traffic jams have caused alternate routes to also become congested. This is why we are calling on drivers to avoid the area of the main plaza in Mexico City, because the demonstration has caused serious traffic jams in virtually all of the downtown section of the capital. This is the report that we have on the demonstration by PRD members—a crowd estimated at 2,500 people.

[Announcer] We understand that earlier today there was another demonstration in front of Los Pinos Presidential Residence.

[Casasola] Yes, parents from Polanco and Lomas de Chapultepec neighborhoods staged a march to the official residence to protest the indiscriminate increase in the prices of staples and in some public services. The demonstrators only went as far as Chivaquito Plaza where a contingent of grenadiers from the Roads and Safety Secretariat prevented them from passing. Some blows were exchanged, as well as some pushing, but fortunately nothing worse happened. Here, we are witnessing a moment when the people—in this case, housewives—are demanding that the government put a stop to the excessive prices hikes in goods and services. [passage omitted]

EZLN Declares Government Meeting 'Imminent,' Extends Truce

PA1301020795 Mexico City Radio ACIR Network in Spanish 0000 GMT 13 Jan 95

[Communique by the Clandestine Indian Revolutionary Committee-General Command of the EZLN; issued "from the mountains of southeastern Mexico" on 12 January; from the "Evening News Panorama" newscast—read by reporter Juan Carlos Santoyo in Chiapas]

[FBIS Translated Text] To the people of Mexico, to the people and governments of the world, and to the national and foreign media:

The CCRI-CG [Clandestine Indian Revolutionary Committee-General Command] of the EZLN [Zapatist National Liberation Army] declares:

1. The EZLN has committed itself to a serious search for a fair and honorable political solution to its just demands.

2. A meeting between representatives of the supreme government and the EZLN is imminent.

3. Therefore, the CCRI-CG of the EZLN has ordered its military forces in the Los Altos, northern, and jungle regions to once more extend the suspension of all offensive military operations from 13 January to 18 January 1995 in order not to hinder the forthcoming meeting.

Democracy, Liberty, and Justice.

[Issued] From the mountains of southeastern Mexico

[Signed] Subcommander Marcos

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Nicaragua

Daniel Ortega Said To Suffer Relapse in Heart Ailment

PA1201173495 Managua Radio Nicaragua Network in Spanish 1200 GMT 10 Jan 95

[From the "News 2000" Newscast]

[FBIS Translated Text] Deputy Damaso Vargas has reported Daniel Ortega Saavedra, secretary general of the Sandinist National Liberation Front [FSLN], was unable to attend the election of the new National Assembly directorate yesterday, because he suffered a relapse in his heart ailment and will probably undergo surgery.

Deputy Daniel Ortega, leader of the Orthodox faction of the FSLN, was expected at parliament to reinforce the election of the ticket headed by Dr. Miriam Arguello, but he was unable to travel to Managua, Vargas added.

The news of the relapse of the main leader of the Orthodox faction made an impact on the deputies and journalists who had expected him to arrive anytime to occupy his seat in parliament.

Radio Nicaragua has reported calls were made to no avail to Havana yesterday afternoon to confirm the health status of the FSLN secretary general. Thus, Bayardo Arce alone bore the defeat of the Orthodox faction and the so-called progovernment deputies.

[Managua EL NUEVO DIARIO in Spanish on 11 January reports in a 325-word item: "From Havana, Mrs. Rosario Murillo, Ortega's wife, has contacted our editorial desk to comment on remarks by Sandinist Deputy Vargas about her husband's health. Regarding Ortega's condition, the former first lady has confirmed news agencies' reports his recovery is satisfactory. She added that they will probably return to Managua by the end of this month and that the doctors are only waiting for him to fully recover before discharging him."]

Panama

President Discusses Failed Assassination Plot

PA1201193795 Panama City Radio and Television Networks in Spanish 1848 GMT 12 Jan 95

[Interview with Panamanian President Ernesto Perez Balladares by Dorita de Reina, Irene Hernandez, and unidentified domestic reporters at the Palace of the Herons in Panama City—live relay]

[FBIS Translated Text] [Reina] We are in the offices of the president of the Republic. He will discuss the now-dismantled plot to assassinate him. He will talk about all the developments surrounding this incident. Mr. President?

[Perez Balladares] First, I want to you thank you two for being here. I assure your viewers that everything we have discovered so far has convinced me that the security and intelligence mechanisms, the Public Force, the National Air Service, the National Marine Service, and so on, have all... [pauses] We all have a definite commitment to the democratic system, and no top leader would allow an incident like this, regardless of how painful it may be, to change the historic course of our democracy.

Thus, this is the most important point: the conviction that the system itself has internal defense mechanisms that safeguard democracy in Panama.

[Reina] Mr. President, this plot was dismantled, and your life was really not threatened, but to a certain degree this does affect the image of the country, the image of the democratic system that Panama wishes to develop. How do you plan to counter this in the next few days?

[Perez Balladares] I think it is important to clarify a criticism that I have been hearing—that more people must be involved in this. No, this actually indicates these are isolated actions. I would have to label them as misfits in a democratic system. This is not just the case in Panama, but is true everywhere in the world. You know, as I do, that President Reagan was wounded by a madman of this sort. President Clinton has suffered two or three attacks so far during his mandate. I reaffirm that the important thing is that it was detected on time.

It was dismantled, and we are using all legal mechanisms to ensure that we eliminate the cells and make the entire investigation public. Obviously, people are demanding more names. I also saw comments aired on some morning programs today by some people who had their own theories about this. To those people and all Panamanians I want to say that in all groups in society there are those special cases who will not settle for reality, but who want to posit a number of theories around facts or assumptions and try to create an almost James Bond-like atmosphere.

This is not the case here. What we have is a group of policemen and civilians who miss the military regimes of the past, who are not pleased with the current democratic regime, and who want to change it through violent mechanisms that run counter to democracy. They are misfits, they are madmen, and these are isolated actions.

[Reporter] Mr. President, what do you know about the possible leaders of this conspiracy? Do you know who might have been the members of the civilian-military junta?

[Perez Balladares] No, I do not know who would have reportedly been on that civilian-military junta. We do have names of active duty policemen, former members of the military, and some civilians. But I firmly believe that they are innocent until proven guilty. This is in the hands of the attorney general of the nation; it is also in

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the hands of the Government and Justice Ministry's internal system, which is conducting an investigation. I do not want to name any names, because I do not wish to tarnish reputations.

[Reina] From the human standpoint, how do you feel knowing that fellow party members and people you considered close to you, because one of your bodyguards has even been mentioned... [pauses] How do you feel now that your life has been threatened by people you trusted?

[Perez Balladares, chuckling] Let me first clarify the issue that they are not fellow party members or people close to me. The name of one of my bodyguards was mentioned, it was hinted, but I have no doubts about my team of bodyguards, not about a single one of them. I know that they are loyal people, committed to the democratic regime, who would never lend themselves to action of this kind. They have placed their lives on the line along with my own.

Let me add that this is nothing new; it is not something that popped up yesterday, that we invented yesterday as has been suggested. [chuckles] This is an issue on which we have been following up since the administration of former President Endara because there are cells of people who would like to somehow return to a military regime. There are people like that in the country; state security organizations have been monitoring this.

I have been aware of this information since I was president-elect when we established a coordination mechanism with the national security system, and my entire team was informed of what was being done. We have been involved in this since then, and of course, since 1 September. One gets used to living with this.

[Hernandez] Some people think that this involves certain followers of the PRD [Democratic Revolutionary Party] who are displeased because they expected more from this government. It is possible they staged this situation.

[Perez Balladares] Irene, those are just assumptions. The names I have seen, and that are well-known—I do not think there are members of my party or any important PRD leader—they are people, I repeat, who grew accustomed to military regimes and who in one way or another benefited from their sinecures, and got used to them, and mistakenly thought—and without any right to have assumed it—that we would return to a similar situation. They are not members of my party or prominent people.

[Reina] Mr. President, what can you tell us about international reaction to this? What have you heard?

[Perez Balladares] The international solidarity of all area presidents, with whom I have spoken yesterday and this morning. But, Dorita, I would say that more important than the international angle is the national support for the democratic system. I think that the attitude of politicians from all factions has been exemplary. They have expressed complete support for the democratic system, complete identification with the ideals of democracy in Panama, and complete rejection of any attempt that would mean a change in that democracy. I think that this is a clear message that we Panamanians, and all Latin Americans, are sending to the world. Coups of any kind that eliminate democracy in our country are unacceptable to all of us.

[Reina] Mr. President, since taking office you have been touring the entire country. Will this attempt cause you to change your style of government?

[Perez Balladares] I invite you to Boquete on Friday. [laughs]

[Reporter] Mr. President, there is talk of a judicial investigation and an administrative investigation. Will there be changes in the government, in the top structures of the government?

[Perez Balladares] No, we do not expect any changes. There is talk of an administrative investigation, because as you know, the Government and Justice Ministry has its own structure, which includes the police. Thus, an internal investigation is being conducted. But of course there are people outside the structure of the Government and Justice Ministry, who have been involved in this and who fall under the jurisdiction of the authorities, in this case, of the attorney general of the nation. He has started his own official investigation because of the nature of this case.

[Reporter] Mr. President, was the danger so great that the plot was aborted?

[Perez Balladares] I wish to explain to the citizens, and I am glad you asked that question, that this type of information, as I told you earlier, Dorita, is handled on a daily basis in our intelligence system and in those systems anywhere else in the world. There is follow-up work, and there are efforts to maintain a certain degree of control over the situation precisely to prevent these situations from occurring.

By the end of the year we began to study what might become specific actions. In other words, it was no longer a matter of what might occur, but of specific plans that would be carried out. During the first weeks of January, the date, place, and actions to be implemented were more specific. One of the individuals who knew about the action and plan described it in a converstation with another person as a horrifying act.

Of course, this placed all state security mechanisms on alert. The investigation continued until it was confirmed that the plan was to carry out an attack on Friday the 13th against me, the two vice presidents, and the minister of government and justice. The idea—which of course was totally absurd and crazy—was to take over the military garrison in Boquete after the attack. There were cells who were responsible for taking over the

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garrison in the city of David and closing off roads to Chiriqui Province and for declaring a civilian-military junta.

When you review the plan, you can see that it is totally crazy. In addition, I believe it would be practically impossible to implement it. But this does not mean that one should offer up one's body to stop a bullet fired by a crazy man. It was better to uncover the plot, and that is why we did it.

[Reina] Colonel Eduardo Herrera is the only name mentioned as member of the civilian-military junta. Have you talked to him since this began?

[Perez Balladares] I have no... [pauses] Where did you get that information?

[Reina] From official sources.

[Perez Balladares] No, no, no. We... [pauses] I do not know of any names, not Eduardo Herrera, nor any Herrera, not any other name. I believe we should respect the principle that one is innocent until proven guilty. I sincerely refuse to say that.

[Reporter] Have state security forces ruled out the possibility that the opposition is involved in this?

[Perez Balladares] Yes, this was not a political movement. In other words, it was not a movement of opposition groups or political opponents within my party. It was a military movement by military personnel, who want to return to a military regime.

(Reporter] How has this incident affected the Perez Balladares administration?

[Perez Balladares] Not in any way. To the contrary, what this has done is strengthen the administration and the commitment to democracy. I also believe that the country will emerge stronger. I believe this is the general feeling of all presidents in the area, of Latin American presidents, and of course of our fellow citizens.

[Reina] Regarding criticism...

[Reporter, interrupting] The fact that you have decided to travel to Chiriqui means that, in your opinion, you are not in danger?

[Perez Balladares] Look, when one accepts a responsibility like running for president of the Republic, one automatically accepts that one's life will change. Anyone who is not willing to accept this should not get into this. A change in your life means assuming risks, being under special protection, which will increase if you win the presidency. Within those changes, one tries to live as normal a life as possible; in other words, we want to be able to talk with the people and mix with the people as we did during the independence day activities, for example. All those actions, however, necessarily entail a risk. The best way to minimize that risk is to remain within these four walls without going anywhere, but I do not think that is the president Panamanians want, and that is not the president I want to be. Consequently, I believe that all of us who accept this responsibility and those who want to be candidates in the future must take the risks I have taken. I want to be able to come and go, of course under proper security, but I want to have direct contact with our people.

[Reporter] Mr. President, I have two questions. First, is an investigation being conducted by the National Police Directorate? Second, after this incident, do you still have confidence in the Public Force?

[Perez Balladares] Let me start with the last question. Yesterday after the news conference I invited the directors of the National Police, the National Air Service, and the National Maritime Service to my office. I reiterated to them my confidence in their command. I have no distrust whatsoever in those three gentlemen. I am also sure they are even willing to offer their own lives in defense of the Panamanian democratic regime, therefore, I have no doubt that this isolated action will be investigated by the internal mechanisms within the National Police, the complementary mechanisms of the Ministry of Government and Justice, and of course, by the Attorney General's Office.

[Reporter] When you mention the Public Force, are you referring to the entire institution?

[Perez Balladares] Yes, the entire institution. All divisions within the Public Forces.

[Reporter] Will the public in general be informed of the results of the investigations, and will we be able to follow up the developments?

[Perez Balladares] Yes, I want this to be very open. In this regard, there are ways to make this different. In other words, as I was telling some of your colleagues, perhaps we could have simply dismantled the operation from the point of view of the members of the police involved, isolate them, dismiss them, and forget the matter.

Of course, we want to bring it out into the open, make it public, so that in the future everybody will know the names of those involved. We have to do this, however, with some respect for the presumption of innocence. For that reason, I do not want to name people who I know, through other channels, are involved, because legally speaking I cannot attest to that.

[Hernandez] Some said the investigation began the moment you took office.

[Perez Balladares] This is not an investigation. I have tried to explain that this is... [pauses] These are the normal workings of the intelligence mechanisms of any state. It did not begin with me but a long time ago, during the Endara administration.

[Reporter] Since this is all going to come out in the open, how are those involved, who have not yet been detained,

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going to be prevented from leaving the country or hiding? How will they be kept under control?

[Perez Balladares] We have obvious means of police surveillance. We also have obvious ways of letting these people know they are under surveillance and that we are watching them. We are doing that. If they plan to leave the country, in kind of escape, I am certain that the Attorney General's Office will find a way to prevent this within the framework of the law.

[Reina] Mr. President, do you think this incident will harm the confidence of local and foreign businessmen, who regard Panama as a possible center of economic development?

[Perez Balladares] I do not think so, but it would have hurt had it been carried out. If we had had a coup like this here, any investment plan would have evaporated. I think we must understand this as one of the normal risks of any democratic regime, and what is important is we have put our security mechanisms to the test, and they work. I think that must give much greater confidence to investors.

[Reina] This has been a news conference President Perez Balladares hosted here in his office on the dismantled conspiracy that planned to kill him tomorrow, Friday the 13th, in Boquete. Back to the studio.

Denies PRD Involved in Plot

PA1201194995 Panama City TVN Television Network in Spanish 1816 GMT 12 Jan 95

[Report from the Yellow Room of the Palace of the Herons in Panama City; broadcast in progress—live relay]

[FBIS Translated Text] [Finance Minister Olmedo Miranda] ...these were discussed and approved in the last session of the Legislative Assembly. Therefore, they are already considered laws of the Republic. Along with these changes, we will proceed to conduct the necessary changes, which must be introduced in Cabinet Decree No. 33. Decree No. 33 regulates the fiscal code on public bids. Since we believe that the two measures that have been adopted and are being adopted today are not enough, we believe it is important and necessary to establish the commission we are installing today to study the formula under which those state assets and state-contracted services are negotiated in the simplest and clearest possible manner and leaving no doubts about the way public bids, price bids, or administrative concessions are conducted. We hope this draft bill, which will be the result of the meetings held by this commission, will be submitted to the Legislative Assembly and will soon become a law considering the goals already mentioned and proposed by this government.

Now, said documents will be signed. With the signing of these documents, we conclude the ceremony and thank those present for coming to the ceremony. [video shows Panamanian President Ernesto Perez Balladares signing documents]

[Reporter Irene Hernandez] The first ceremony held in the Yellow Room of the Presidency has ended. Later, there will be another ceremony to sign the executive decree installing another ad hoc commission responsible for drafting the bill on public contracts. The ceremony to sign the contract bill and to install the commission for maritime affairs will follow that. Three ceremonies are scheduled here at the Presidency this afternoon.

We want to add they have provided us a list of the members of the National Police who have been arrested for plotting against the president. We are going to approach the president to obtain his statements.

[Unidentified reporter] There are rumors that members of the Democratic Revolutionary Party [PRD] were involved.

[Perez Balladares] No. Do not say things that are not true. Thank God, we can say the democratic system works and criminal actions that attempt not only against my life and those of the vice presidents, but also against the democratic government in Panama were detected on time. Fortunately, we were able to detect these actions in time, and we were able to deactivate them. I will make more comments during the special interviews I will give to the directors of television and the media.

[Reporter] Was the entire plot dismantled?

[Perez Balladares] Yes, of course.

[Reporter] There is restlessness among the population.

[Perez Balladares] There is no such restlessness. Be calm.

[Hernandez] This was the brief statement of the president regarding the plot uncovered by the state security organizations.

Now, we will read list of arrested officers: Major Juan Marriaga; Captain Marcos Mora Villamonte; Lieutenant Euclides Guerra Samudio; Lt. Astenio Amilcar Castillo; 2d Lt. Francisco Grajales; 2d Lt. Ismael Herrera; 2d Lt. Julio Herrera; 1st Sergeant Maximo Nicholson; 1st Sgt. Cicinio Lezcano; 2d Sgt. Sonia Samudio de Guerra; 2d Sgt. Erick Veces Lopez; 2d Corporal Ricardo Aguilar; and 1st Cpl. Adela Pitti Rodriguez, who is currently under surveillance. Former Capt. German Gonzalez Pitti, former Capt. Evidelio Quiel, and Gabriel Alexis Aparicio remain at large. This is the list we have just received.

Major Announces Increased Surveillance in Chiriqui Province

PA1201173295 Panama City LA PRENSA in Spanish 12 Jan 95 p A-2

[FBIS Translated Text] Osvaldo Galvez, the major in charge of the Public Force in Chiriqui Province, has

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announced surveillance will be increased in various areas of the province, primarily in the districts of David and Boquete, in the wake of the remarks by Government and Justice Minister Raul Montenegro on the existence of a conspiracy to kill President Ernesto Perez Balladares.

Montenegro disclosed during a news conference held yesterday that several Chiriqui officers are involved in the conspiracy, saying that all security measures will be taken at the Boquete Flower Fair, given the president will attend the inaugural ceremony.

"We will begin starting today to implement security measures, such as reinforced surveillance and road inspections all over the areas of Boquete and David. We will coordinate the surveillance with all the authorities of the province," Galvez said.

Regarding the possibility there may be others involved in the conspiracy in addition to the six Chiriqui Province officers mentioned, he said the inquiries will continue, but they are being handled in Panama City. An assessment of the situation in the police zone reveals everything is calm, he added, saying there has been no problem. "The police are performing well and conducting their work normally," Galvez added.

Chiriqui Governor Ricardo Saval has told LA PRENSA all the authorities of the region have decided to give their "unrestricted support" to the president. The Democratic Revolutionary Party [PRD] has denounced and condemned what it has described as a "risky conspiracy" through which a group of active and retired members of the armed institution, together with civilians, was planning to kill Ernesto Perez Balladares and subvert constitutional order and the rule of law.

The PRD supports all legal and security measures that may be necessary to adopt with strength so that all those involved in the attempt to overthrow the government elected by the people and the interests of the nation receive an exemplary punishment, party President Gerardo Gonzalez has said.

Therefore, the PRD has warned that all its members reiterate their unrestricted support for President Balladares and his government team and that "it will not tolerate actions of this nature and is prepared, in turn, to conduct all legitimate political acts to defend the democratic system of government."

Meanwhile, Ruben Arosemena, secretary general of the Christian Democratic Party, has said if the charges by the government minister are true, "it is of concern to us, because it is an attack on democracy, something for which we strove so hard and which cost civilians so many sacrifices,"

Arosemena has said it calls his attention that two lieutenants and two sergeants are the only ones mentioned as conspirators "when individuals with greater authority, whether civilians or military, have traditionally lead this sort of movement."

Police Say Situation 'Normal' Following Plot Reports

PA1301005795 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Jan 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] National Police Director General Oswaldo Fernandez is reporting calm in the country's various police zones following yesterday's announcement that the state security corps had uncovered a plot to kill the president.

Apparently, yesterday there was unrest only at Chiriqui's police headquarters, which was being guarded by officers in combat gear.

[Begin Fernandez recording] The situation in Chiriqui Province and in the rest of the country is normal. The National Police are conducting business as usual. There is no reason to feel apprehensive. We have nothing to report other than the fact that the investigations announced yesterday by the government minister are being carried out. We have already carried out pertinent disciplinary arrests and pertinent investigations. [end recording]

Fernandez did not rule out the possibility of civilians and high-ranking military officials being involved in the plot designed to undermine democratic institutions. He referred to the military [as heard] personnel under arrest.

[Begin Fernandez recording] Right now there are 10 members of the institution under disciplinary arrest. This does not mean they are guilty or innocent. This only means that they are under arrest and will be investigated. [end recording]

Those arrested are being held by the National Police at various police stations in Chiriqui Province.

Attorney General To Begin Probe of Antigovernment Plot

PA1301005395 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Jan 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Attorney General Jose Antonio Sossa has requested from Government and Justice Minister Raul Montenegro all documents, proof, and pertinent evidence in the investigation being conducted regarding the plot against the state institution and the criminal attempt against the life and personal wellbeing of the president of the Republic. The information is being requested in order to initiate investigations by the Attorney General's Office under powers granted to the office by the Constitution.

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Details on Arrested Plotters

PA1201195995 Panama City EL PANAMA AMERICA in Spanish 12 Jan 95 p 1

[Report by Arnulfo Barroso]

[FBIS Translated Text] Yesterday the government foiled a plot to murder President Ernesto Perez Balladares and members of his cabinet in Boquete on Friday and plans to establish a civilian-military junta.

Government Minister Raul Montenegro revealed that the plot, named "Action and Control," had several "cells" operating in Chiriqui and Panama. Those "cells" included civilians, military, and police personnel who disagreed with the executive's security policy.

According to Montenegro, the plotters had also been involved in the "Kill the Fat Man (Guillermo Endara) Operation" that was to have included an attack on the Arnulfist Party convention in Boquete in April 1993.

Among those arrested are: Lieutenants Euclides Guerra (shift chief at the David headquarters) and Artemio Castillo [name as published] (a former member of Third Company-"Red Devil" who received intelligence training in the United States and used to be police chief in Boquete); Sublieutenant Francisco Grajales; Sergeants Maximo Nicoholson (assigned to the prevention center in David), Eric Veces (former member of UESAT [Special Antiterror Service Unit]), Sonia Guerra (assigned to the computer section), and Ligio Lezcano [name as published] (who used to guard the "La Escondida" estate).

All those arrested have been moved to Panama City. The 2,000 police stationed in Chiriqui have implemented a stringent security operation in all the main garrisons in Chiriqui because the plot included seizing several Public Forces installations.

According to Minister Montenegro, police intelligence has the names of other plotters, but, at the instruction of the executive, these will not be revealed until all legal requirements are met.

Although the plot announcement was received with a certain degree of skepticism in several sectors, former President Guillermo Endara and Fernando Quesada, the last officer to occupy the post of police director, did not doubt the announcement.

Former President Endara said the government's announcement "was not false" and warned that "the Chiriqui cell is real and dangerous." He also said he would defend the country's institutions, which are represented by Perez Balladares.

Endara asserted that the plotters are soldiers who are "disappointed" with the chief of the executive because they thought he was going to commit the "stupidity" of letting them reenter the police.

Former Colonel Quesada said the "madness" of attempting to stage a coup d'etat had to have been thought up by some civilian or "ranking" officer, who is inciting his subordinates to follow him.

Quesada said this is the same "film" we have seen in previous attacks. He believes there has been a repeat performance because justice was not done in past attacks.

An opposition source revealed that President Ernesto Perez Balladares himself pardoned the people who were being investigated for the Boquete attack.

Faced with such a threat, Perez Balladares has reinforced his security. But it has been reported that he still plans to visit the Festival of the Flowers in Boquete. A high-ranking commission, which includes Deputy Government Minister Martin Torrijos and Government Ministry Legal Director Efebo Diaz Herrero, will investigate the case.

PRD [Democratic Revolutionary Party] President Gerardo Gonzalez asserted that this organization gives its "unconditional" support to Perez Balladares and warned that it "will not tolerate actions" leading to coups and "is prepared" to confront such actions.

Former Vice President Guillermo Ford said the opposition will not allow a coup to be successful and called citizens to close ranks against actions that endanger democracy.

Ruben Arosemena, the Christian Democratic Party secretary general, asserted that if reports of a coup are true, members of his organization would be concerned because once again democracy, which has cost Panamanians so much, would be in jeopardy.

Humberto Macea, former National Police mayor, said the government has to be careful when it investigates this plot because "in his experience" he knows that coups are not led by sergeants and lieutenants.

Education Minister Pablo Thalassinos denied that members of the PRD—Perez Balladares' political party—are involved in this movement.

Herrera Denies Part in Plot Against President

PA1301005595 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Jan 95

[Report by Alexandra Ciniglio from the "RPC Television News" newscast]

[FBIS Translated Text] Retired Colonel Eduardo Herrera today denied any connection to the plot against President Ernesto Perez Balladares. Former President Guillermo Endara was the first person to say he does not rule out the possibility of Herrera having participated in the plot.

Retired Colonel Herrera was once accused of participating in a plot to assassinate former President Endara.

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Today, he is in his Panama City residence benefiting from a presidential pardon granted by President Balladares.

[Begin Herrera recording] I do not know why people are talking about my group, because I have no group. Right now I am working on my retirement and on personal problems I must resolve. This is why it surprises me to find I am being linked to a matter I know nothing about. I think that if I had been involved I would have been the first to be arrested. [end recording]

Herrera claims he does not know anything about this plot, but he contends that many more people, in addition to those under arrest, must be involved.

[Begin recording] [Herrera] If this was a civilian-military action, important civilians must be involved in the movement, but I do not know who they could be.

[Reporter] What about military units from the former Defense Forces?

[Herrera] I do not know anything about that.

[Reporter] Do you think that this kind of action could be carried out with just the 10 people now under arrest?

[Herrera] Personally speaking, I believe coups d'etat are archaic. I have been saying this for some time. I think that an investigation has to be carried out to see what is behind all of this. [end recording]

PRD Condemns 'Conspiracy' To Assassinate Perez Balladares

PA1201160395 Panama City LA ESTRELLA DE PANAMA in Spanish 12 Jan 95 p B-17

[Communique issued by Panama's Democratic Revolutionary Party in Panama City on 11 January]

[FBIS Translated Text] DEMOCRATIC REVOLUTIONARY PARTY

COMMUNIQUE TO THE COUNTRY

The Democratic Revolutionary Party (PRD) denounces and condemns the adventurous conspiracy disclosed by the constitutional government of the Republic, according to which a group of active duty and retired members of the armed institution, together with civilians, was planning to assassinate the president of the Republic and other high-ranking dignitaries of the country in order to disrupt constitutional order and the state of law.

Our party, following the political persecution unleashed against its members by the previous administration, has decided to direct all its efforts toward regaining power through democratic means, as established in the Political Constitution of the Republic. Along these lines, we have discouraged and fought similar attempts that were forged against that government.

This popular and democratic political attitude has allowed us to receive the massive support of Panamanians, so as to win public power in the past elections and to retake the Torrijist method of government. If this was our position in the case of our adversaries, it is obviously valid today in the case of our maximum leaders, who are in the government today.

Thus, the PRD supports all legal and public security measures that should be energetically adopted to insure an exemplary punishment for those involved in this **coup d'etat** against the government elected by the Panamanian people and the best interests of the nation.

Consequently, all the PRD members reiterate their full support and backing for his excellency the president of the Republic, Dr. Ernesto Perez Balladares, and his government team. PRD members warn they will not tolerate actions of this nature, and they are, in turn, preparing to carry out legitimate political actions in the defense of the democratic government system.

GERARDO GONZALEZ V.

PRD President

Panama, 11 January 1995

Arnulfist Party Condemns Plot Against President

PA1201192895 Panama City EL PANAMA AMERICA in Spanish 12 Jan 95 p A-1

[FBIS Translated Text] Arnulfist Party [PA] President Mireya Moscoso de Gruber has said her party condmens all acts of violence and has announced her willingness to defend democracy, as represented in Ernesto Perez Balladares.

Moscoso de Gruber noted that the plot against Perez Balladares is similar to the one planned in April 1993 against the PA convention, which coincidentally would also have occurred during the Festival of the Flowers.

In a telephone interview with EL PANAMA AMERICA from her residence in Boquete, Moscoso de Gruber said that those same members of the military forces involved in the attack against her party seem to be implicated in the plot against Perez Balladares.

Moscoso de Gruber said that the situation in Boquete is calm, but there is a lot of police movement in the city of David.

Some of the individuals involved in the Boquete attack are still at large, including Fernando Castillo (who escaped from the National Air Service garrison) and Gabriel Alexis Aparicio.

Several former members of the National Police are under arrest in connection with this case.

This is the second time during the past five years that the government has uncovered plans to create a civilian-military junta.

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BVP Manager Says Mexican Crisis Not To Affect Market

PA1201173395 Panama City LA PRENSA in Spanish 12 Jan 95 p A-17

[Report by Julio Cesar Aizpurua]

[FBIS Translated Text] Roberto Brenes, general manager of the Panamanian Stock Market (BVP), said yesterday the Mexican crisis will not affect the Panamanian stock market, because the BVP operates in a "dollarized economy" that protects it from monetary speculation.

Brenes said the Panamanian stock market does not have extraordinary levels of foreign participation, a finding which prevents flights of investments and a drop in market activity.

Brenes said, however, the Mexican crisis will affect the flow of capital to the Latin American region in the short or medium term "and, therefore, the economic perspectives of our countries."

This will occur, he added, because investors do not distinguish between countries. They think in terms of the Latin American region as a whole, instead of in Brazil, Venezuela, Mexico, Chile or Panama, Brenes added.

"The flow of capital will slow down in the short term," Brenes affirmed.

The Mexican economic system has been shaken since last December by the effects of a devaluation, higher interest rates, a dip in stock market activity, signs of a recession, unemployment, and inflation.

Brenes explained a positive aspect of this situation is that the quotation of Panama's foreign debt abroad "fell," improving the chances to renegotiate at better prices.

The Panamanian foreign debt was quoted at 50 percent last week, while it stood at 35 percent yesterday.

According to Eryx Tejada Him, executive director of the Securities Directorate of the Commerce and Industries Ministry, the BVP is not immune to the Mexican conflict. He explained, however, the BVP will not be affected "whatsoever" for the time being.

Tejada Him said the Mexican problem stems from the fact investors have lost confidence in short-term securities, the issuance of which on the Mexican Stock Market accounts for 90 percent of its transactions.

Contrary to this point, he said, short-term securities in Panama account for 10 percent of transactions, given most securities are issued for medium and long terms.

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Argentina

Stock Market Rallies; Confidence Improves

PY1201203595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2004 GMT 12 Jan 95

[FBIS Translated Excerpt] Buenos Aires, 12 Jan (NA)—The leading shares on the Stock Market today jumped 10.40 percent during a market day that echoed the measures to strengthen convertibility. Moreover, not all of the significant advance can be attributed to the internal factor, because Latin American markets, including the hard-hit Mexican market, also made advances. Today's end result was 44 advanced shares, 12 declines, and 2 shares with no change, while the volume of business amounted to 34.4 million pesos. The Merval Index increased to 434.59 points, and the overall index increased by 8.05 percent. The atmosphere of improved confidence was characterized by the advance of Brady Bonds from 8.63 to 12.81 percent. [passage omitted]

Cavallo Reiterates Peso Not To Be Devalued

PY1201133095 Buenos Aires TELAM in Spanish 2011 GMT 11 Jan 95

[FBIS Translated Excerpt] New York, 11 Jan (TELAM/SNI)—Economy Minister Domingo Cavallo asserted in New York today that Argentina and other countries of the region will weather the turbulence the Mexican crisis sparked off in Latin American markets. During a news conference, Cavallo said: "Our reaction is quite simple. We are convinced that our system is robust and that our economic policy is the appropriate one."

"The Argentine system is open and investors are at all times able to see for themselves that our peso is backed by reserves," he added.

Cavallo, who insisted that the Argentine peso will not be devalued, believed that the fact that there are strong economies in Latin America like those of Brazil and Chile ensures "that the whole region will not be hit by the same crisis as Mexico." He stated that devaluation "is an erroneous policy" to solve financial problems and underscored the fact that "devaluation brings about more inflation, more unemployment, and the decline of real wages."

The economy minister, who met with representatives of investment banks, analysts, consultants, and reporters from influential newspapers, made every effort to differentiate Argentina from Mexico.

For his part, Media Secretary Guillermo Seita said in Buenos Aires that most probably, the U.S. Government is very much aware of the differences between Argentina and Mexico—including political ones. To that effect, he mentioned the remarks made by James Cheek, the U.S. ambassador to Argentina.

"Even U.S. economic consultants and the leading investment companies in the world surely must have a clear understanding of these differences. Nevertheless, as these people are portfolio managers for private investors, the task becomes very complex," he explained. [passage omitted]

Central Bank Head Cited on Financial System 'Dollarization'

PY1201175895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1059 GMT 12 Jan 95

[FBIS Translated Text] Buenos Aires, 12 Jan (NA)—Central Bank [BCRA] President Roque Fernandez has announced that the Central Bank took a new step toward the dollarization of the financial system and from now on it will purchase and sell the U.S. currency at exactly one peso. The measure, however, will only apply to inter-bank money transfers. The Central Bank will also further reduce banks' cash deposit requirements until markets return to normal.

Fernandez said that from now on minimum cash reserves can be exchanged for dollars. With these measures the government seeks to transmit a new signal to emphasize that the economy operates with both currencies.

Fernandez said with these measures "we advance even more" in the implementation of a reserves compensation mechanism and "the commitment to defend stability and the Convertibility Plan."

"We will introduce total flexibility in the reserves mechanism," Fernandez said, announcing the elimination of the breach between the cost of buying and selling dollars. The BCRA president said the dollar price spread [previous word in English] we had until now "acted like a wedge producing an operative cost to the system and the convertibility mechanism."

Fernandez made these announcements during a news conference at the Finance Ministry last night. He was accompanied by Commerce and Investment Secretary Carlos Sanchez.

The official also said that the reserves system "is heading toward the total integration of banks' dollar reserves."

Fernandez added that these decisions aim at convincing banks that "there is no doubt about the government commitment to maintain those positions in dollars if they want to have them."

The BCRA president said that if anyone wanted "to change position from one currency to the other, he will have total freedom to do it in the way that is operationally most convenient to him, without cost."

These measures increased the economy's dollarization, at least in the financial system, and advances the effort to give local and foreign investors more guarantees that economic policies will not change.

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The BCRA president also said that the new financial instruments have the purpose of "ensuring the system's liquidity."

Fernandez said the BCRA also advances toward "a further reduction" of legal bank reserve requirements "in order to alleviate any lack of liquidity that might exist in the market and to facilitate the transfer of funds between banks."

The head of the BCRA said the measures "are not spectacular. They are small changes that the Central Bank implements according to advances in the analysis of the system's evolution."

Fernandez said the reduction of banks' legal reserve requirements will be "temporary" and will be in effect until markets return to normal.

Fernandez explained that the measure reducing the legal reserve requirement will be in effect "until market conditions return to normal because the BCRA position is to maintain high reserve requirements in order to use those reserves when circumstances merit it."

Fernandez explained that the trend is toward "a single type of reserve" and that the bank is analyzing the move's technical effects in order to pass the information to financial institutions.

Asked whether the measure meant a further dollarization of the economy, Fernandez said: "We are trying to eliminate all dealers' doubts about the government's determination not to contemplate the option of devaluation or to implement changes in the foreign exchange policy."

"There is no doubt that this is a further step toward the consolidation of the Convertibility Plan," Fernandez said.

The official said if a depositor goes to a bank wanting to change a term deposit in dollars "he will not be able to do it because there is no fluid way to make this transaction, but some of the measures we are implementing will help."

Further on Central Bank Liquidity, Convertibility Measures

PY1201181095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1300 GMT 12 Jan 95

[FBIS Translated Text] Buenos Aires, 12 Jan (NA)—The Central Bank (BCRA) will announce today a temporary reduction of banks' legal reserves to palliate the liquidity problems financial establishments are facing. This is a complementary measure to the decision to allow banks to have their legal reserves either in dollars or pesos, which BCRA President Roque Fernandez made public today.

This measure, which will enable stronger financial establishments to purchase portfolios from banks that are experiencing difficulties, follows the announcement of the elimination of the exchange band of 0.2 pesos, by virtue of which financial establishments will not have any additional costs on transactions involving the purchase and sale of dollars from or to the BCRA.

What prompted Economy Minister Domingo Cavallo to take this step was his intention to prove how sound the Convertibility Plan is and to allow some banks to alleviate other banks' liquidity position triggered off by the slump in the Stock Exchange.

Even though the nearly 5 percent advance registered at the Stock Exchange yesterday contributed to providing some relief to the economic situation, which was beginning to feel the symptoms of the generalized financial crisis, economic operators are awaiting today's results with great expectation.

Following the sharp decline Latin American stock exchanges suffered on 10 January—the Merval index of the Argentine Stock Exchange plummeted by nearly 10 percent—Cavallo's message to the international financial community seems to be paying off.

The great number of interviews the Argentine economy minister held in New York with businessmen and financiers in the course of his visit, which concludes today, showed their first results in yesterday's rally of shares on the stock market.

Cavallo's interest in showing foreign investors the difference between the Mexican and the Argentine economies and the soundness of the Convertibility Plan was translated into the elimination of the exchange band. This is also seen as a move to prove that the exchange rate is thus totally ensured.

Cavallo's visit to Wall Street had good repercussions, so much so that a couple of U.S. investment banks recommended that investors buy several Argentine securities and shares, which in turn contributed to define yesterday's trend on the stock market.

Another reason for the market rally was the attractive prices of securities and shares following the marked decline in share prices over the last few days.

Although it is not yet possible to talk about a change in the trend of markets, the local stock exchange managed to escape from "the Mexican syndrome," since share prices plunged once again in Mexico yesterday.

Central Bank Measures To 'Bury' Fears of Devaluation

PY1201233395 Buenos Aires TELAM in Spanish 1741 GMT 12 Jan 95

[FBIS Translated Text] Buenos Aires, 12 Jan (TELAM)—Media Secretary Guillermo Seita emphasized today that the new measures reported by the Central Bank enhance the Convertibility Plan, and definitively bury

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the predictions of those who are encouraging mayhem with "fanciful reports" about devaluation.

In remarks to TELAM the media secretary underscored: "The insecurity that some foreign investors may have had on this point has definitely been cleared up."

Seita added: "The government has again reaffirmed the economic course that has allowed Argentina's transformation."

Seita emphasized that the government, "as it did during the last week of December, when it issued decrees to prevent any kind of deviation in public spending, has acted promptly to send clear signals to investors, markets, and the public."

Seita expressed: "Not only we have clearly marked the differences with Mexico, but many experts are already beginning to point out that the Argentine convertibility system would be the best way for Mexico to overcome its crises."

Concerning the unemployment rates, the media secretary emphasized: "Congress needs to approve the labor law reforms, which in the case of PyMES [Small and Medium-sized Enterprises] involves 70 percent of labor."

Seita noted: "We must add to this the housing law and the public works program that President Carlos Menem will announce in March, which will allow us to reduce the unemployment rate by 3 or 4 percentage points during 1995."

In response to criticism from the opposition on this issue, the media secretary pointed out: "The UCR [Radical Civic Union] and Grand Front candidates should study this issue more seriously, instead of voicing their opinions lightly."

Seita challenged criticism from Senator Jose Bordon, explaining that the United States "had been able to reduce its unemployment rate because it has very flexible labor laws."

Seita added that the opposition candidates "do not have any proposals, and should at least support executive branch (proposals) in Congress instead of blocking them, as Jesus Rodriguez, the last economy minister under the Alfonsin administration, boasted of doing."

The media secretary said: "They must remember that this administration has generated 1.6 million new jobs during the past four years. Everyone can remember that at the beginning of the Convertibility Plan the newspaper CLARIN had three pages of advertisements for employment, while now, after the affirmation of the Convertibility Plan, it has over 30 pages."

Details of Detainee's Testimony in AMIA Case

PY1201204695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1259 GMT 12 Jan 95

[FBIS Translated Text] Buenos Aires, 12 Jan (NA)—Federal Judge Juan Jose Galeano has heard the testimony of Hugo Antonio Perez, a friend of Carlos Alberto Telleldin, and has decided that Perez must remain in custody in connection with the case involving the investigation into the AMIA [Argentine-Israeli Mutual Association] headquarters bombing. According to court sources, Perez's testimony was reportedly self-incriminating, and the judge thus ordered his detention with the goal of expanding his testimony.

Following Perez's detention, which took place a few hours ago, four people have already been arrested: Perez, Telleldin, his mother Lidia Seeb, and his brother Eduardo.

Telleldin testified that Perez was living in his house in Villa Ballester District, and was in the kitchen while the "alleged" buyer of the Trafic van with which the bombing was perpetrated was in the living room, closing the deal for purchasing the vehicle.

It was also Perez who allegedly wrote "Embassy of Iran," an address on Libertador Avenue, and a telephone number on a piece of paper discovered in the house in Villa Ballester District.

Telleldin reportedly told the judge that his friend might have information on the men who purchased from him the Trafic van that was used as a car bomb.

Telleldin reportedly said that they are two old friends, as they have known each other since they worked at the Cordoba Police Intelligence Directorate where their parents had also worked.

Attorney Norberto Valdes Perez Ferro, who is defending the Telleldin family, dismissed the reports, pointing out that his client fears that he will be killed.

The attorney indicated: "This report was published by the media, and in all the cases the data were supplied by (DAIA [Delegation of Argentine-Israeli Associations] President Ruben) Beraja."

In this regard the attorney said that he is unaware of any reports about a possible attempt on Telleldin's life, as Telleldin "never said such a thing."

The attorney added: "I am surprised that this piece of news was allegedly reported by Beraja, because I figure that he does not deal directly with my client."

Concerning Ana Maria Boragni, Telleldin's wife, the attorney announced: "She will present herself before the courts within the next few days."

The attorney explained: "The lady is at large because an arrest warrant has been issued against her in a case on counterfeited money that is being heard by San Isidro federal Judge Roberto Marquevich."

The attorney emphasized: "We will resolve this in early February, and she will immediately be placed at the disposal of Judge Galeano."

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Galeano must also promptly resolve the procedural situation of Telleldin's mother and brother, who were questioned last week and remain in detention.

Libyan Government Seeks Political Support, Enhanced Trade

PY1201203195 Buenos Aires TELAM in Spanish 0023 GMT 12 Jan 95

[FBIS Translated Text] Buenos Aires, 11 Jan (TELAM)—The Foreign Ministry reported today that, through two letters sent to his Argentine counterpart, Carlos Menem, Libyan President Mu'ammar al-Qadhdhafi has asked for political support and has proposed enhancing trade relations with Argentina.

Mohamed Ali Shambur [name as received], al-Qadhdhafi's personal representative, who arrived in Buenos Aires on 10 January, was received yesterday by the Argentine president. Shambur presented the Libyan president's greetings to President Menem.

A Foreign Ministry source did not mention the venue or time of the meeting.

Discussing al-Qadhdhafi's petition of political support to break Libya's isolation, the Foreign Ministry source pointed out: "Libya acknowledges the figure of President Menem as a valid interlocutor for discussing the problems of the Middle East."

The source pointed out that in the letter discussing the international situation, "political concepts and emotional appeals are intertwined." The source also indicated that "the ideas of peace and cooperation that Argentina is promoting in the Middle East are being encouraged."

President Menem's recent visit to Syria, and his resolute intervention in favor of peace between Arabs and Jews in the conflictive Palestinian region, were mentioned by the source as the possible background for interpreting the position of Libya.

The source noted that the presence of Argentine representatives on the UN Security Council, representatives who might join in a process involving the lifting of sanctions imposed by Western powers on Libya, reportedly influenced al-Qadhdhafi's assessment.

Al-Qadhdhafi's envoy presented the two letters to Vice Foreign Minister Fernando Petrella during a meeting at the Foreign Ministry building yesterday.

Shambur also held a working meeting with Foreign Policy Under Secretary Guillermo Gonzalez in which "regional policy issues were discussed," the source pointed out.

Bolivia

Cardenas Says Zero Option 'Remained at Zero'

PY1301014195 La Paz PRESENCIA in Spanish 3 Jan 95 p 1

[FBIS Translated Text] Cochabamba—Vice President Victor Hugo Cardenas Conde stated here that "the Zero Option remained at zero. In other words, the Comprehensive Plan represents the government's and peoples' basic objectives, but it will not be successful without international financial cooperation."

Cardenas explained that there are no disagreements within the government on the subject, because everybody agreed to sign the Comprehensive Plan with the purpose of putting a good footing on policy regarding the coca-cocaine phenomenon.

Cardenas insisted that the plan will not be successful without foreign aid. He noted, however, the "great achievement" of having reached a consensus going from the president of the Republic to the last citizen of the country, meaning therefore that the Zero Option "remained at zero."

He explained that there are points of the Zero Option contained in the Plan, and admitted that the name "Zero Option" did not contribute to reaching a consensus. This problem was however solved with the Plan, as everybody agreed that the Option was "very weak" and the Comprehensive Plan fills this gap.

"The year 1994 was characterized by the Zero Option, but now we must talk about the Comprehensive Development Plan," Cardenas stated, before asserting that it will be hard to obtain the international depenalization of the coca leaf, and that steps, though not isolated ones, must be taken in this direction. He reiterated: "The conditions do not exist for that (depenalization) to happen at an international level, and this must be an agreed international measure."

In his statement Cardenas Conde asserted that in 1995 conditions will be different from those in 1994, because the effect of the measures adopted will start to show, among them the dedication of works built with money from the popular participation project, the distribution of material to 1,500 schools in some 300 communities, the training of teachers, and the distribution of 50 books to each school.

The vice president admitted that although the macroeconomic indicators are promising, the case is not the same with microeconomic indicators. "Undoubtedly 1995 will have to be a year in which more emphasis must be placed on improving the Bolivian families' daily income," Cardenas said, noting the role played by the informal economy in helping overcome the crisis, although he pointed out that it should gradually become legal.

In his opinion, special attention will have to be paid to the agriculture and livestock fields and to small and medium industry, which require little capital and generate a good number of jobs. For this, he revealed, the Peasant Development Fund (FDC) has $5 million, and must coordinate its actions with the Social Investment Fund (FIS) and the Regional Development Fund (FDR).

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Foreign Ministry Report Notes NAFTA Trade Ties, Potential

PY1201223695 Cochabamba LOS TIEMPOS in Spanish 3 Jan 95 p A6

[FBIS Translated Text] La Paz—According to a Foreign Ministry report, Bolivia trades with NAFTA (United States, Canada, and Mexico) for only 27 percent of its imports and 19 percent of its exports.

A breakdown shows that 26 percent of Bolivian imports come from the United States, while 18.5 percent of its exports go to that country. The document states that Mexico and Canada are not significant trade partners for Bolivia.

The report also points out that trade with the United States during the past two years has increased significantly. Bolivian exports to that country have increased by 78 percent and imports 37 percent. The trade deficit between the two countries is therefore still significant.

The Foreign Ministry maintains, however, that the three NAFTA economies will give Bolivian producers new opportunities. Taking into account that the U.S. economy will grow approximately 0.5 percent more per year, and that it is the largest buyer of Bolivian goods, its recovery gives Bolivia better opportunities for economic growth.

The document also points out that in addition to eliminating trade barriers with NAFTA, economies of scale in the industrial field will improve, the production lines will be rationalized, and distortions in price monopoly practices will be reduced.

This situation, according to the document, will permit the country to venture into massive markets, allowing it to reduce costs per unit even more and step up competitiveness in the U.S. market to the level of Asian products, whose presence in the U.S. market over the past few years has increased considerably.

The document asserts that Bolivian products, which have up to now been quite competitive with imported goods, will by increasing their production volume and increasing their efficiency achieve a great multiplying effect and become great industries.

The report goes on to point out that "this, in addition to the country's natural resource potential, could trigger a speedy growth process and generate massive job opportunities."

The Foreign Ministry's confidence as reflected in the report is based on the fact that over the past three years this possibility has proven feasible in Bolivia, as those sectors that require intensive labor and have great export potential (textiles and cloths, wood, leather, and jewelry) have proven to be highly competitive industries. This can be implemented within the short term and with a multiplying impact on other local industries.

Poll Reveals Popularity of Political Parties

95P20357

[Foreign Media Note] A public opinion survey conducted by Encuestas y Estudios on Bolivia's major political parties reveals that 56 percent of those polled favored the opposition parties represented by Conscience of the Fatherland (Condepa), Nationalist Democratic Action (ADN), Civic Solidarity Union (UCS), and Movement of the Revolutionary Left (MIR). According to a graph published on the front page of La Paz newspaper HOY on 14 December, parties in the government coalition, which includes President Sanchez de Lozada's Nationalist Revolutionary Movement (MNR) and the Free Bolivia Movement (MBL), received the support of 44 percent of those polled. However, when taken individually, the MNR was supported by almost 35 percent of respondents, while Condepa got 20 percent. The least favored party was the MIR, which received only 6 percent of support. The rest came in between: ADN, 16 percent; UCS, 10.8 percent; and MBL 6.7 percent. No details on the polling firm's methodology were given.

Brazil

President Indicates Need To Approve Reforms

PY1201205595 Rio de Janeiro O GLOBO in Portuguese 12 Jan 95 p 3

[Report by Merval Pereira and Silvia Faria]

[FBIS Translated Text] Brasilia—President Fernando Henrique Cardoso is convinced that the Mexican exchange crisis will not affect the stability of the Brazilian economy. With the calm of someone who is leading a country that has taken precautions against speculative foreign capital, Cardoso believes that the Mexican lesson will serve as leverage to make the next Congress approve the structural reforms needed to consolidate the Brazilian stabilization program, thus protecting the country against possible external crises.

Cardoso said: The Mexican crisis has been instrumental in alerting us to the need for structural reforms designed to serve as the pillars for a strong currency.

Cardoso spoke on the phone with Mexican President Ernesto Zedillo to convey to him Brazilian solidarity, and to learn about the Mexican Government's actions in dealing with the crisis. Zedillo said Mexico is overcoming the difficulties provoked by the massive flight of foreign capital thanks to U.S. and Japanese financial aid. These two countries have lent money to the Mexican Government so that it can buy pesos on the market to push its exchange rate upwards.

In Cardoso's opinion, the foreign investment in which Brazil is interested will come through the privatization

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program. Cardoso said that contrary to speculative capital—which enters the country for a short time, lured by high interest rates—investment capital will come here to stay.

Cardoso added: The capital that is leaving the Brazilian stock exchanges is speculative, and therefore will not affect the economy. At the appropriate time Brazil adopted measures to restrict the entry of speculative capital.

In Cardoso's opinion, Mexico was hit because its economy is vulnerable. This should serve as an alert to the Brazilian Congress about the need to balance public finances by furthering the fiscal reform of the state. The government is seeking to approve reforms to expand privatization, balance the social security system, share the federal government's burdens with state and municipal governments, streamline the administrative apparatus, and take corrective action about the finances of state governments.

Foreign Minister Expresses Confidence in Economy

PY1201173795 Buenos Aires TELAM in Spanish 1445 GMT 12 Jan 95

[FBIS Translated Text] Brasilia, 12 Jan (TELAM/SNI)—The Brazilian Government trusts that the Argentine economy will not be affected seriously by the Mexican crisis, said Foreign Minister Luiz Felipe Lampreia.

This trust is based on the daily contacts maintained between Brazilian Finance Minister Pedro Malan and Argentine Economy Minister Domingo Cavallo, Lampreia said in statements to the newspaper GAZETA MERCANTIL issued today.

The foreign minister said that according to what Cavallo has said, "Argentina's macroeconomic situation is healthy, and from all points of view, the economy is well founded and resolved."

"The Brazilian Government fully believes in the diagnosis made by Minister Cavallo," Lampreia said. He added that the economic problems that took place in Mexico in the past few weeks will not affect the Real Plan to stabilize Brazilian economy.

According to the news agency DPA, the Brazilian foreign minister stressed that "our position is not vulnerable, and there is no foundation of similarities between Mexico and Brazil under the current circumstances."

The effects of the Mexican exchange crisis in Argentina and Brazil will be one of the principal subjects during the conversations Lampreia will hold with Argentine officials during his official visit to Buenos Aires on 19 January.

In Buenos Aires Lampreia will hold a working meeting with Cavallo together with "one of the highest-ranking members of the Brazilian economic team," whose name has yet not been revealed.

Value of Shares Drops Nearly $40 Billion

PY1201181695 Sao Paulo AGENCIA ESTADO in Portuguese 2058 GMT 11 Jan 95

[Report by Fabio Pahim Jr.]

[FBIS Translated Text] Sao Paulo, 11 Jan (AE)—The wealth in stocks in Brazil has dropped by nearly $40 billion with the Mexican crisis, according to market estimates: The market value of stocks dropped from $189 billion by the end of 1994, according to the Sao Paulo Stock exchange [Bovespa], to nearly $147 billion on 9 January, before the strong variations that took place on 10 and 11 January, according to Garantia Bank estimates. A sampling carried out among 168 companies (a smaller volume than that registered in the Bovespa) by the Citibank indicates a $27.5 billion drop between 22 December and 5 January alone.

The stock exchange continues depending on the crisis of Mexico, said Citibank Director Orestes Prado. "We do not know what the behavior of the international money-managers [preceding two words in English] will be regarding the renewal of the Mexican Tesobonus," he added. Prado believes there are no structural reasons for the crisis to take place in Brazil. "The Brazilian economy's foundations are excellent and the prices are attractive, but given what is happening in Mexico, prices can drop further."

"The companies are good and their results are high because the Brazilian economy has made progress," said Fibra Bank Director Julio Krauspenhar. "But we must know whether the United States will stand up for Mexico's problem," he added. Krauspenhar fears that if the Mexican situation worsens, it will affect Argentina, and then reflect on Brazil.

Experts recommend cautiousness to investors who have observed prices fall considerably in the past few days and are considering the purchase of shares. "Do not transfer the money you invested in a condominium to the stock exchange," said Flavio Nolasco, chief economist of the Brasilpar firm. "To those who do not have shares, I would recommend concentrating on time deposits until a better opportunity turns up, indicating that the market has reached the bottom."

Orestes Prado also suggests "leaving the money in time deposits until observing what happens in Mexico." Julio Krauspenhar suggests considering to purchase shares from good companies, "even if prices drop further." According to Nolasco, "if a large bank either in Mexico or Argentina goes bankrupt, the value of shares can drop still further in Latin America."

'Sources' Say 37 Percent of Reserves 'Speculative Capital'

PY1201183795 Madrid EFE in Spanish 1444 GMT 12 Jan 95

[FBIS Translated Text] Rio de Janeiro, 12 Jan (EFE)—Government sources today, 12 January, admitted that

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37.5 percent of Brazil's $40 billion in reserves is speculative capital that can be withdrawn in the short term.

Local market expert commented on this percentage (which amounts to approximately $15 billion) to the newspaper JORNAL DO BRASIL, of Rio de Janeiro.

Central Bank (BC, which prints money) technicians noted that even though one-third of Brazilian reserves is of a speculative nature, Brazil should not fear a crisis like the Mexican crisis or like the one that is threatening Argentina.

"The conditions for withdrawal are somewhat limited, and, consequently, this amount ($15 billion] can drop to $5 billion or $10 billion," economist Octavio de Barros told JORNAL. De Barros is a member of the Brazilian Society for Studies of Multinational Enterprises and Economic Globalization (SOBET).

University Professor Dionisio Dias Carneiro emphasized that Brazil will not be the victim of a "speculation attack," because the Real Plan for economic adjustment will in the medium term show that it works.

These sources recognized, however, that the persistent Mexican crisis has affected the Brazilian economy.

The big packages of shares and securities that Brazilian banks have abroad have been considerably devalued, and this can affect the banks' capitalization, experts have said.

The value of assests of Brazilian enterprises, particularly state-run enterprises, has dropped, because of the fall in the price of their shares in stock exchange operations over the past few days. This will affect the final price of the enterprises that will be privatized in 1995.

The commentators added that the enterprises that obtained capital abroad will find it difficult to manage the credits, for which reason they will lose long-term financial sources.

BC technicians said that Brazil will not face the type of difficulties confronting Mexico, because of its international reserves and its trade balance.

Bank Executives Examine 10 Jan Stock Exchange Crisis

PY1201192095 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Jan 95 Section 2 p 1

[Article by Fideo Miya and Joao Carlos de Oliveira]

[FBIS Translated Text] The operation boards of bank and brokers were taken over yesterday by panic and hysteria, when a chain reaction made the Sao Paulo Stock Exchange fall by 12.5 percent during the day, closing operations after undergoing a 9.86 percent drop. In Rio de Janeiro, the Senn index dropped 8 percent.

The Mexican stock exchange closed after falling by 6.73 percent. In Argentina, the Merval index fell 9.59 percent.

Yesterday's 9.86 percent drop is the second most significant fall since 5 September 1994, when the Sao Paulo stock exchange dropped by 10.4 percent after the "parabolic antenna" case that ousted former Finance Minister Rubens Ricupero.

Says Boston Bank director Fabio de Oliveira: "Only hysteria can account for a 17 percent fluctuation in the price of Telebras [Brazilian Telecommunications, Inc.] shares in one single day, and for the fact that the commercial dollar rate grew from 0.85 reals [R] to R0.857 without any purchase backing this increase."

Alberto Alves Sobrinho, director of Fair brokers, said that "the market cannot find the money to check this fall."

Emir Capez, director of the Linear Asset Management company said: "The problem is not the size of the fall; it is not a mathematical matter. It is a crisis of quality, of a negative flow of funds toward Latin America."

The atmosphere of perplexity in the financial market can be summarized in this expression from Fabio de Oliveira: "The market attempted to bite its own ear."

Multibanco (a partner of the bank of America) Director Eduardo Leme said that the steady, heavy drops in the Mexican, Argentine, and Brazilian stock exchanges, and in the value of the foreign debt certificates of those countries, are causing a chain reaction.

According to Leme, banks and investors operating on derivative markets [mercados derivativos] are being asked to increase their guarantee deposits on international and Brazilian stock exchanges. In order to compensate for their cash, they are selling shares, thus producing new falls.

Jair Ribeiro da Silva Neto, director of the Patrimonio Investment Bank, which is partner of Salomon Brothers brokers, said he had detected "a strong selling pressure, caused primarily by the speculative operations of local investors following the liquidity crisis in Mexico and Argentina."

Sao Paulo, Rio Stock Exchanges Advance 'Sharply'

PY1201231295 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 12 Jan 95

[FBIS Translated Text] For the second consecutive day, following nearly a week of declines, the Sao Paulo and Rio de Janeiro stock exchanges today rose sharply.

The Sao Paulo Stock Exchange today closed with a 9.7 percent increase, its best result since April 1994, while the Rio de Janeiro Stock Exchange advanced by 7.8 percent.

In the opinion of experts, investors are no longer afraid of the effects of the Mexican crisis.

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Another element contributing to the increase was the support expressed by the new Central Bank president, Persio Arida, to the privatization program.

Chile

Finance, Economy Ministers Express Optimism

PY1201183595 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 12 Jan 95

[FBIS Translated Text] Central Bank President Roberto Zahler said that the stock market crisis has found our economy on a good footing.

Moreover, Finance Minister Eduardo Aninat expressed confidence that the Mexican situation will calm down and will not have an indirect effect on Chile.

Economy Minister Alvaro Garcia, however, feels that the recovery of the stock market complies with the strength of national companies.

[Begin undentified reporter recording] Do you expect new declines in the stock market?

[Garcia] No. On the contrary, the economic situation of Chilean companies should lead to an increase in the prices of shares. [end recording]

According to the Chilean Central Bank president, the crisis has found Chile in the best possible condition.

[Begin Zahler recording] Very few times in Chilean economic history have we been in a better situation to confront possible economic setbacks of this nature. [end recording]

Santiago Stock Exchange Recovers After 10 Jan Decline

PY1301021595 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 13 Jan 95

[FBIS Translated Excerpt] After the terrible decline of 10 January, the Santiago Stock Exchange has recovered within 48 hours. The most traded shares advanced about 5 percent today.

The Santiago Stock Exchange today closed as follows: The selective shares price index rose 4.5 percent, and the general shares price index rose 3.37 percent. Traded shares totalled 17.975 billion pesos. [passage omitted]

Senate Approves Bill on Extradition Treaty

PY1301020595 Santiago EL MERCURIO in Spanish 29 Dec 94 p C4

[FBIS Translated Text] Valparaiso—The Senate has approved the bill on an extradition treaty between Chile and Australia, and it is now in the Chamber of Deputies for debate.

The treaty responds to the aspiration of the two countries to update the extradition agreement in force since the last century in order to face the challenge of organized crime, especially with regard to drug trafficking and other crimes like tax evasion.

Colombia

Governor Comments on Plane Crash; Cause Unclear

PA1201145895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 12 Jan 95

[Telephone interview with Bolivar Department Governor Miguel Navas Meissel, place not given, by unidentified reporters in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast—live]

[FBIS Translated Text] [Reporter] [Words indistinct] a girl survived [words indistinct], but she is recovering satisfactorily in a hospital in Cartagena at this hour.

Bolivar Department Governor Miguel Navas Meissel is here with Caracol. We want to know whether there are any official findings following the preliminary investigation on the accident of the [words indistinct]. Good day, Mr. Governor.

[Navas Meissel] Good day. We are very sorry about this regrettable accident. I want to take this opportunity to express my condolences to the relatives of the victims. Immediately after learning of the accident at 1930, we made contact with the National Police commander in Cartagena and deployed personnel trained to carry out rescue operations. We also informed the Red Cross and Civil Defense as well as doctors of the Cartagena Health Directorate of the accident. They traveled to the crash site immediately.

Personnel were beginning the rescue operations at 2030. We had trouble due to darkness. We dispatched electrical plants to the site and used flares later to illuminate the area and to begin rescue operations of the victims. This task went into full swing at approximately 0100 and continued throughout the night.

Rescue operations continue this morning. We have recovered 35 bodies, which have been taken to the Hernando Caraballo Coliseum in Cartagena where they will be delivered to their relatives.

[Reporter] Mr. Governor, is there any connection between the Maria La Baja Swamp Lands and the Bay of Cartagena, because it was speculated the bodies could be dragged by waters to the Bay of Cartagena? Is this possible?

[Navas Meissel] No, no, no. That is not possible under any circumstances. These are speculations. [Words indistinct] all victims will be recovered. Those versions come from people who are unfamiliar with the area. I believe we will recover all bodies during the morning, following the fatal accident.

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[Reporter] Did the airliner explode in the air, or did it explode after crashing into the ground according to the reports you have?

[Navas Meissel] The last report I have is that the airliner malfunctioned at a height of no more than 3,000 feet, because the airliner asked the control tower for permission to land and to approach the runway. It did not report any emergencies, leading us to believe things happened quite rapidly, forcing the pilot to try to land in the swamp lands. He must have known the area very well, because that is the normal route.

The airliner first hit the embankment, and part of the airliner fell on the swamp lands. This finding forced us to use divers to seek bodies, while other bodies were found on the ground, making the recovery of the victims difficult.

In any case, we immediately received logistical support from the Maria La Baja Municipality, where the airliner crashed, and the neighboring municipality of Arjona.

I spoke to the mayor of Maria La Baja at about 2100. He told me that he had received the necessary support and that he lacked only a helicopter to evacuate the bodies. Given the darkness, we were unable, however, to dispatch helicopters until early this morning, when we sent one helicopter from the Navy and another from the police.

[Reporter] The confusion arises from versions that someone saw the airliner explode in the air, but there is a second report that has stated the airliner had no lights on and crashed into the embankment, and it was then that it exploded. What do you know based on the accounts from the mayor of that municipality and other reports?

[Navas Meissel] Correct. There are two versions. One is that the airliner exploded at a height of approximately 13,000 feet, as was reported by another plane in the area at the time, but the most trustworthy report is the one I received from the mayor. It seems the plane attempted to make an emergency landing, as is confirmed by the fact there is one survivor, because it is quite difficult for someone to survive when a plane explodes in the air at a height of 13,000 or 14,000 feet. When the airliner hit the ground, it broke in two, and this girl fell on a moss which softened her impact. Residents of the area rescued her about 30 minutes after the accident. They rescued her and took her to the health center in Maria La Baja. She is in Cartagena's University Hospital today.

I believe the most credible version is that the airliner must have had a mechanical problem, forcing the pilot to make an emergency landing. He was unlucky; he initially crashed into the embankment.

[Reporter] Civil Aeronautics Director Alvaro Raad has not ruled out the possibility of an attack. He has said this report will also have to be investigated. Do you have the same fear about the airliner accident?

[Navas Meissel] [Words indistinct] because, what surprised us is that the pilot did not report an emergency to the control tower. This finding indicates everything happened in a matter of seconds or minutes. We also understand that when there is an explosion, unless [words indistinct] low-powered explosion that may have damaged one of the turbines or all turbines. It may have taken place near the fuel tanks or may have damaged the communications system, preventing the pilot from reporting his location to the control tower, something which he did four minutes earlier, asking to be allowed to approach the runway.

I believe it will be established today as to what may have happened.

Crash Blamed on Explosion

PA1301023195 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 13 Jan 95

[Report by Liliana Gutierrez from the "24 Hours Newscast"]

[FBIS Translated Text] Many versions surround yesterday's DC-9 accident. The most alarming one is the possibility of a bomb. U.S. personnel from the FAA will take part in the investigation.

Numerous and often unreal stories often surround airline crashes. Today, the Intercontinental Airline manager blamed the crash on an external explosion.

[Begin recording of Intercontinental Manager Alfonso Ramirez, identified by caption] It seems logical, but we have to wait for specialists to release their findings. [end recording]

What could have caused this external explosion? Perhaps a bomb, a clandestine aircraft, or a shot fired from the ground. Other possibilities also are being analyzed, the first of which is a technical failure. The next logical question would then be this: Why was this not reported when the aircraft contacted Barranquilla and requested authorization to land? Second, there is no radar in the area, but radio navigation aids work perfectly in Barranquilla and Cartagena. Third, today nothing is being ruled out, and U.S. investigators are on their way to help.

[Begin recording of Civil Aeronautics official Alvaro Raad, identified by caption] We believe that for a better and clearer investigation we should employ the expertise and advice of FAA officials. This is why I requested their help. [end recording]

The DC-9 was carrying no cargo, only luggage, and experts have assured us that at an altitude of 14,000 feet there could not have been a crew error that would have caused this crash.

This is the first such accident ever experienced by Intercontinental Airlines, which currently has 14 DC-9 airplanes. The company originally started out as

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Aeropesca Airlines. Travelers use this airline because of its great number of special offers and travel facilities.

[In the same "24 Hours Newscast," Santa Fe de Bogota Inravision Television Cadena 1 in Spanish later broadcasts a related one-minute, announcer-read report that adds the DC-9's flight recorders have not yet been found: "There has been some looting of the bodies and of the wreckage at the crash site. The black box could be in the hands of thieves."]

Ecuador

President Comments on Goals in New Year's Address

PA1301010095 Quito Voz de los Andes in Spanish 1200 GMT 12 Jan 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] President Sixto Duran-Ballen has said his government intends not only to resolve the most difficult national problems in all areas, but also to establish a new political culture in which honesty, respect, justice, and a determination to create a new country prevail. He made this statement to cabinet members who visited to convey New Year's greetings.

[Begin Duran-Ballen recording] It is imperative that we eradicate from our political life strictly personal and partisan attitudes, because they have not led to anything positive.

Gentlemen: Politics must be understood as a superior practice in favor of the masses. Politics must be practiced with an authentic inclination to serve. Politics should be used as a development tool in its broadest sense—that is, the balancing of economic and social goals. Politics in Ecuador must become an instrument of conciliation and progress.

In dealing with negativism, we must adopt optimism and hope, because we are confident about our efforts and work. [end recording]

President Duran-Ballen noted that his government has worked for the future of Ecuador and that this is the goal of its efforts to complete the profound political reform the country requires and demands.

He added that the National Police continues to strive to improve, but its efforts are being met by misunderstanding and attacks that test its self-worth and sense of duty on a daily basis. The police provide continuous examples of these virtues even though members of the force are accused of irregular or heavy-handed actions they have not perpetrated, President Duran-Ballen added.

Foreign Minister Affirms Interest in Trade Pact With Mexico

PA1201223095 Mexico City NOTIMEX in Spanish 2034 GMT 12 Jan 95

[FBIS Translated Text] Quito, 12 Jan (NOTIMEX)—Ecuadoran Foreign Relations Minister Galo Leoro today said he earnestly hopes the Mexican crisis "is temporary," and he reiterated Ecuador's interest in concluding a free trade agreement with Mexico.

At a session with foreign correspondents, the foreign minister said plans to negotiate a trade agreement had been pending for several years and were reactivated at the recent Summit of the Americas during talks between Presidents Sixto Duran-Ballen and Ernesto Zedillo.

Leoro said that, in principle, it is planned that the agreement can be signed in mid-1995, and he pointed out that the Ecuadoran Foreign Ministry is about to form a working group that will travel to Mexico to explore possible terms for a treaty.

"We are aware that one needs to have a little more vision and prudence in such negotiations when confronted by the realities we are witnessing," the Ecuadoran foreign minister said, referring to Mexico's current economic and financial situation. He said that President Sixto Duran-Ballen's administration will continue to monitor the economic situation in Mexico.

Defense Ministry Reports Border Clash With Peruvian Military

PA1301015895 Mexico City NOTIMEX in Spanish 0045 GMT 13 Jan 95

[FBIS Translated Text] Quito, 12 Jan (NOTIMEX)—The Ecuadoran Defense Ministry today confirmed that a clash has occurred between Ecuadoran and Peruvian military in the Amazon region of the border between the two countries.

In a communique, the ministry reported that the incident occurred on Wednesday [11 January] when a Peruvian patrol failed to heed an order to stop and opened fire on an Ecuadoran military unit. No deaths or injuries were reported.

The communique also said a Peruvian patrol had entered Ecuadoran territory on Monday, 9 January, adding that four soldiers were detained and later turned over to their battalion in accordance with bilateral agreements.

Meanwhile, Ecuadoran Foreign Minister Galo Leoro denied Sixto Duran-Ballen's Government is minimizing the border incidents that have occurred in the area of the Condor mountain range, which has been the site of various armed clashes between the two countries.

German Mancheno, deputy for the Amazon region of Morona Santiago, reported last week that a clash had occurred in December at Alto Coangos, near the Condor range, in a disputed region. The Foreign Ministry recently denied Ecuadoran and Peruvian troops had clashed along their common border.

During a meeting with foreign reporters on Thursday, Leoro said an Ecuadoran soldier's death, noted in some

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domestic media reports, occurred during "routine military exercises." He also said a meeting between the two nations' foreign ministers in mid-December in Lima represented an initial step in reviewing "where we have stopped and where we can achieve progress" in bilateral relations. He went on to stress the cooperation that currently exists between the border authorities in Ecuador and Peru.

The two countries are involved in an old border dispute that has resulted in a number of brief military clashes. The worst occurred in 1942 and concluded with the signing of a friendship, peace, and border treaty known as the Rio de Janeiro Protocol. The protocol, which includes Argentina, Brazil, and the United States as guarantors, has been renounced by Ecuador, because it contends the treaty was imposed, while Peru insists on denying the existence of any territorial dispute with its northern neighbor.

Foreign Ministry Issues 'Strong Protest'

PA1301044395 Mexico City NOTIMEX in Spanish 0313 GMT 13 Jan 95

[FBIS Translated Excerpt] Quito, 12 Jan (NOTIMEX)—Following a shootout between Ecuadoran and Peruvian soldiers and an incursion by Peruvian soldiers, the Ecuadoran Foreign Ministry today presented a "strong protest" to Peru for violating Ecuador's sovereignty. The Ecuadoran Foreign Ministry said the Ecuadoran Embassy in Lima presented the Peruvian Government with "a very strong protest because of the actions of 9 and 11 January—actions that violated national sovereignty." These actions are "contrary to procedures prevailing between the two countries for situations in which patrols happen come across one another," the Foreign Ministry stated in a communique issued this evening after Foreign Minister Galo Leoro disclosed the shootout on the border. [passage omitted]

Reyes Torres, Ruminahui Update; Court Process

95WD0150A Quito VISTAZO in Spanish Dec 94 pp 87-88

[Article: "A Hurricane Which No Longer Blows"]

[FBIS Translated Text] Judgments in other court cases reportedly will depend on the final sentence in the Ruminahui case. If the court does not find that there was "money laundering," there would reportedly be no evidence that a front man acted on behalf of someone else, nor that there was narcotics trafficking.

Reportedly, if the judges hand down the first acquittal for money laundering in the Banco Ruminahui case, a legal precedent will be established in this case which would destroy pending cases by the dozen.

Operation "Ciclon" took place in June 1992, and various groups of people have complained about the slowness of the trials related to it. Nevertheless, beginning in March 1994, there has been speedy court activity. Dr. Hector Gavilanez, president of the Superior Court, attempted to return two houses which had been seized, stating that Jorge Reyes did not appear as the owner, whereas in the same court a complaint was being heard that he had acted as a front man for another person.

Taking this fact as a point of reference, Fernando Casares, the prosecutor general, warned in March 1994 that some cases were about to be closed and stays of proceedings issued despite the existence of "convincing police reports." Time is proving that he was right.

In May 1994 a major juridical step was taken, but at the international level. Marcelo Heredia Montalvo, the eighth judge in the Criminal Chamber asked Colombia to extradite Ramiro Reyes Torres, brother of Jorge Reyes Torres, on a charge of "illegal possession of firearms." His intention reportedly was to prevent Ramiro Reyes Torres from being taken to the United States, where the Reyes group is on trial for narcotics trafficking. Nevertheless, Ramiro Reyes Torres was taken from Colombia and is now in prison in the United States.

Eduardo Lagos is facing trial for the alleged "murder of Ivan Martinez, president of the Superior Court." In November 1994 he presented a request for release from prison under a writ of "amparo," which the Supreme Court will have to consider.

These separate cases contrast with what happened in the "Banco Ruminahui" case.

Three trials are pending for "money laundering" involving the Reyes group. The first case is called the "Ciclon" affair. The second is called the "Banco Ruminahui" case, and the third is called the "Banco de los Andes" case.

The "Banco Ruminahui" case is the only one that has been decided in the court of first instance. It was heard in the Fourth Criminal Court at the request of the Office of the Superintendent of Banks. In August 1993 Facundo del Salto, the principal person accused, called for a judgment by the full court. He pleaded for a change in the charge from "money laundering" to "embezzlement."

The verdict in this case resulted in the fact that this appeal will be heard by the Third Chamber of the Superior Court of Quito, since some of those implicated in this matter have their cases under appeal. This is contrary to the views of Janeth Calderon, president of the Superior Court of Quito, who stated that no crime had been committed. Marcelo Ortiz and Ramiro Aguilar, the other judges in the case, disagreed and stated that this case did not involve "embezzlement," because that charge could only be considered for misappropriation of state funds. Therefore, they returned to the original charge of "money laundering" and called for this charge to be heard before the full court.

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The case continued in the First Criminal Court of Pichincha. On 31 October 1994 Gilberto Moscoso Davila, president of the court, and Alfonso Cordero Coronel and Fausto Teran Eguez, members of the court, dismissed outstanding charges against all of the accused in this case.

In 1989 Judge Moscoso Davila presided over the same First Criminal Court which at that time considered the so-called "Balsa Coca" case. He also dismissed outstanding charges against the accused in that case. The "Banco Ruminahui" case has now come up before him. He has stated that the more than 500 documents attached to the court papers setting out the charge, which show how money belonging to the Reyes group was moved through that bank, have not left him with "any certainty that there is any substance to the alleged violation of the law." Furthermore, he "presumes the innocence of those accused," despite the fact that in the law on drugs "the responsibility" or guilt of the accused is more specifically assumed, in view of the fact that the narcotics traffic is a crime that harms humanity and is a "public action" involving the "national interest."

Now a "motion for review" of the sentence, provided for in the law on drugs, remains to be dealt with. By lot this matter has again been assigned to the Third Chamber of the Superior Court. Furthermore, the prosecutor in the matter has filed a "motion of appeal," as a result of which the case has been sent to the Criminal Chamber of the Supreme Court. If at the end of these proceedings the sentence now outstanding is confirmed, all persons charged in the "Banco Ruminahui" case will be immediately released, with three exceptions: Jose Racines, former manager of the bank; and Guillermo Noboa and Ruth Garces, former executives of the bank. These people also face charges of illicit enrichment and acting as "fronts" for other people.

All of the attention has been centered on the "Banco Ruminahui" case because the resolution of other cases will depend on the results in this matter. If "money laundering" is not considered a crime in this case, neither could it be so considered in the other cases. If there has been no money laundering, there will have been no cases of persons acting as "fronts" for others. And if there have been no cases of persons acting as "fronts" for others, there is no illicit enrichment. If there is no illicit enrichment, then there is no narcotics trafficking. This would mean that nothing has happened.

Parallel to these cases a tornado has developed within the courts having jurisdiction over them. Prosecutor Casares was tried in November 1993 for "slanderous injury." The person who presented the complaint in this case was Rear Admiral (Retired) Guillermo Duenas, president of the Banco de los Andes. (Legal observers say) that in an unprecedented action in August 1994 Prosecutor Casares was sentenced by the Supreme Court to pay a fine of 160 sucres as an alternative to going to jail.

Other persons with legal problems are Judges Marcelo Ortiz and Ramiro Aguilar, of the Third Chamber of the Superior Court of Quito. A "complaint" was presented against them before Doctor Gavilanez, president of this court, for having substituted the crime of "embezzlement" for "money laundering" in the "Banco Ruminahui" case.

In July 1994 Fernando Rosero, then a deputy in the National Congress for the PRE [Ecuadorian Roldosist Party], presented a complaint asking for the removal from office of Doctor Gavilanez, president of the Third Chamber of the Superior Court of Quito, for having been the judge who handed down the verdict in the "Banco de los Andes" case.

Twelve Judgments

Members of the "Reyes Magos" ["Three Kings"] organization are being tried on a charge of involvement in the commission of 10 crimes: "narcotics trafficking," "conversion of property or money laundering," "illicit enrichment," "acting as front persons for other persons," "illegally possessing arms," "improper use of radio frequencies," "attempted murder," "murder of Ivan Martinez, president of the Superior Court," "illicit associations," and "hijacking of a TAE [Ecuadoran Air Transport Company] aircraft."

At the same time the cases involving "money laundering" are divided into three categories: involvement in the "Ciclon Report," being named in the "Banco Ruminahui Report," and the third category, being named in the "Banco de los Andes Report." All of these reports were prepared by the police.

Because of the status of some of the persons involved in these cases almost all of the cases have been tried in the Superior Court of Justice of Quito.

In these trials liberties have been taken sporadically and silently. For example, of the 85 persons who initially were involved in 12 cases, 60 of them have been freed, although some of them continue to face charges as members of a conspiracy.

The cases in which the majority of these persons were freed were: the "Banco de los Andes," the "attempted assassination" of a worker on the San Antonio ranch in Santo Domingo de los Colorados that belonged to Jorge Reyes, and the "Banco Ruminahui" case (not taking into account the persons most recently freed of all charges).

Peru

Stock Exchange Appears To Overcome Mexican Crisis, Shows Advances

PY1201231595 Buenos Aires TELAM in Spanish 2006 GMT 12 Jan 95

[FBIS Translated Text] Lima, 12 Jan (TELAM-SEM)—According to a stock exchange report, as it closed

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its daily operations today the Lima Stock Exchange seemed to have begun to recover from the Mexican crisis with a 6.30 percent increase in the general price index, which rose to 1,236.5 points. The selective price index, used for the 15 most important shares offered on the market, also experienced a 5.21 percent increase, advancing to 1,457.3 points. These figures seem to reverse the declining tendency of the exchange transactions, which experienced their greatest fall on 10 January, "black Tuesday," when the Peruvian market fell by almost 10 percent due to the Mexican crisis.

Fujimori Sets Low Inflation Rate as Government Goal

PY1201225795 Lima EL COMERCIO in Spanish 3 Jan 95 p A5

[Article by Gladys Bernal Barzola]

[FBIS Translated Text] Brasilia, 2 Jan—Peruvian President Alberto Fujimori said today in Brasilia that the new challenge his government is facing for this year is to prevent the inflation rate from going over 10 percent, and that this goal would mean having an inflation rate of under 1 percent every month. He said that this goal will be achieved if the economy continues to be managed the way it has been over the last four and one-half years of this administration.

President Fujimori, who made these comments outside the Manua Hotel, added this can be achieved "with responsibility, with a balanced budget, without creating a deficit, and with less printing of money."

Fujimori said the fact he is running for reelection does not mean greater spending for public projects without economic and financial support.

He said: "Investments will continue to be made in social projects. Measures will be implemented to continue the economic reactivation and maintain the greatest economic growth on the continent for the third consecutive year."

Fujimori admitted that during the remaining seven months of his administration he would not be able to defeat poverty, which has grown to reach up to 50 percent of the nation's population after the implementation of the harsh economic measures.

He added: "We will not do in five years what was not done in 170 years. But the basis has been established for fighting poverty in an effective manner." He reiterated that the road has been paved after eliminating violence, putting Peru back into the international financial community, and growing economically as no other country on the continent.

Fujimori said: "This growth has a tremendous impact because it means great revenue collection for fighting poverty."

He defended the free market economy, indicating that it does not represent greater inequality as it depends on the management of resources.

President Fujimori also changed his position a little on Peru joining the Common Market of the South (Mercosur), which is made up of Brazil, Uruguay, Paraguay, and Argentina. Though he praised the importance of this international bloc for its opening up to other nations, Fujimori noted with caution that Peru should first better prepare its economy.

He said: "A process to improve competition is required, as entering a large market, having access to it, means opening up our market." He noted, however, that there is awareness in our country that we must integrate ourselves with these kinds of blocs.

Economy Minister on Investment, Mexico, Jobs

PY1301004595 Lima EL COMERCIO in Spanish 1 Jan 95 p E4

[Interview with Peruvian Economy Minister Jorge Camet Dickman by Virginia Rey-Sanchez; place and date not given]

[FBIS Translated Text] [Rey-Sanchez] Are you worried about the dependence of the Peruvian economy on short-term capital, also known as speculative capital?

[Camet] There is not only speculative capital but also long-term capital. These are the investment commitments made by private companies such as the Yanacocha mine.

[Rey-Sanchez] What is clear is that we are spending more than we are producing, as 1994 imports are $1 billion higher than exports.

[Camet] It is true that the trade balance is negative, but 30 percent of the imports are capital goods, which will represent an increase of and improvement in production.

[Rey-Sanchez] Some economists believe the imports are to renew machinery, which is different from making new investments.

[Camet] Even if it is only for renewing machinery it is welcome. In any case, the figures show that private investment has grown by 25 percent this year.

[Rey-Sanchez] It is said that the investment is concentrated in mining and fishing...

[Camet] The sectors that will contribute to bringing in foreign currency to close the gap in the trade deficit are, in addition to mining, tourism and agro-industry.

[Rey-Sanchez] The experts on agro-industry say it is necessary to draw up new regulations to promote that sector...

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[Camet] I hope that the new legislation to move private investment into that sector will be promulgated by the middle of this year.

[Rey-Sanchez] Until that happens, we will run the risk of the sudden withdrawal of capital...

[Camet] Capital will continue to come in if Peru continues to maintain the credibility it has been able to gain, and if it fulfills all the goals agreed upon with the IMF.

[Rey Sanchez] Mexico did not look like a country from which capital would leave, and it has now happened...

[Camet] We really regret that, but in Mexico terrorism is beginning, and we in Peru have put an end to it. In addition to that, Mexico reduced a large portion of its reserves. That will not happen to us.

[Rey-Sanchez] The Mexican president himself said that the current account deficit had been underestimated. Are you not underestimating the problem?

[Camet] There is no reason why capital should leave Peru if the country maintains its program. But if this does happen, there are investment commitments for the upcoming years.

[Rey-Sanchez] The Mexican problem has had repercussions in other Latin American stock markets, such as Argentina.

[Camet] The Argentine program has deficiencies that the Peruvian program does not have. One must be careful in not giving signs that would create doubts about the program.

[Rey-Sanchez] The Mexican problem was also felt in the Chilean and Brazilian stock markets. Why do you think it was not felt here?

[Camet] Because our economy is more open than those of our neighbors. Another example showing the privileged situation of the country is that there was no effect from the U.S. interest rate increase. Interest rates have increased in the United States, but the capital continues to come in.

[Rey-Sanchez] Days before the notable foreign exchange purchase of $9 million, President Alberto Fujimori, the general manager of the BCR [Central Reserve Bank], and you said that the government would not come out to defend the exchange rate. Is there a change in direction?

[Camet] I was misinterpreted. I said one cannot fight against the market, as what happened with the previous administration could happen again. In any case, the BRC always has the power to intervene when necessary.

[Rey-Sanchez] Employment is the weak point of this government. Don't you think it is necessary to deal with this issue?

[Camet] Employment has grown in the areas of services and business, by 5 and 2 percent respectively.

[Rey-Sanchez] It is believed that the development of a country depends on its productive sectors more than on services and business.

[Camet] All production activities have grown without exception.

[Rey-Sanchez] But they have not used labor...

[Camet] Any country that has gone through a crisis like ours must first suffer a reduction in employment because of the natural effect of stabilization. It is part of a process which from now on will create employment.

[Rey-Sanchez] Various economists agree on the need to eliminate the taxes that discourage the creation of jobs, such as the Fonavi [National Housing Fund] tax.

[Camet] The Fonavi is a tax of solidarity, from those who have jobs to those who do not.

[Rey-Sanchez] President Fujimori has been using it for building schools...

[Camet] And also for electrification, drinking water, and sewer systems. It has also contributed to pacification and to the growth in investments.

[Rey-Sanchez] Will that tax be eliminated?

[Camet] I could not say when.

[Rey-Sanchez] Is the reduction of personnel in the public administration over?

[Camet] The state apparatus must continue to be reduced. The salaries of state personnel take about 60 percent of tax revenues, and this must be reduced by making rational use of personnel.

[Rey-Sanchez] Experts recommend that public employees be very capable. There is a gap between the advisers close to the ministers and the rest of the career employees.

[Camet] I don't see that difference. Knowledge is being transmitted gradually from the group of advisers to the rest of the employees.

[Rey-Sanchez] Despite a growth of 12 percent in GDP, half of the Peruvian population continue to be poor. Is it possible to reverse that?

[Camet] It is a structural problem we have been carrying for years. The elimination of poverty requires 10 to 20 years. Anyone who says he can do it more quickly is lying.

[Rey-Sanchez] It is said that Peru took as an example the Asian tigers, but in those countries the state had a decisive presence in improving education. Why not copy them?

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[Camet] We have to do it. Of the $400 million from the World Bank for education, half of it is for infrastructure, and the other half for training teachers and improving courses and textbooks.

[Rey-Sanchez] Interest rates continue to be high...

[Camet] There is a delay in reduction, but the important thing is the trend.

[Rey-Sanchez] National bankers don't believe interest rates will drop with competition, as advocated by your advisers...

[Camet] We will see that.

[Rey-Sanchez] Some people believe the government is too liberal, and that even Chile exerts more control and keeps its main copper company for the state. Why privatize Petroperu [State Petroleum Agency]?

[Camet] The idea that there are strategic companies is mistaken. If Chile keeps Codelco [Copper Corporation] as a state company, it is because it is a source of financing for its Armed Forces.

[Rey-Sanchez] Will you continue to head the Economy Ministry if President Fujimori is reelected?

[Camet] Three years are enough.

State of Emergency Extended 60 Days in Lima, Callao

PY1201202895 Lima Radio Programas del Peru Network in Spanish 1800 GMT 12 Jan 95

[FBIS Translated Text] The government has extended for 60 days the state of emergency in Lima Department and Callao Province. The state of emergency was extended because some obstructions to internal order still prevail, and because it is necessary to conclude the pacification program in this part of the country.

Venezuela

Israeli Foreign Minister Arrives, To Sign Economic Agreements

PA1201235495 Caracas Venezolana de Television Network in Spanish 0200 GMT 12 Jan 95

[Report by Melissa Soto from "The News" newscast—recorded statements by Israeli Foreign Minister Shim'on Peres in English with passage-by-passage translation into Spanish; transcribed from the English]

[FBIS Translated Text] Upon his arrival here today, Foreign Minister Shim'on Peres stated that one of the Israeli Government's policies is to explore markets in Venezuela and Latin America. Peres arrived in our country at 1600 amid tight security aboard a flight from Paris, where he met with the European Union's Council of Foreign Ministers.

This is the first visit in 30 years by a high-level Israeli official to the country. In his first meeting with local and foreign journalists, Peres referred to his country's economic relations with our country. He said there are certain areas of common interest:

[Begin Peres recording] Israel's relations with Venezuela date back a long time. We have shared knowledge and we have areas of common interest with regard to agriculture. Now I think we can [word indistinct] to high technology, and let us not forget that we are today living in a world in which markets are more important than countries. [end recording]

Regarding the possibility that Latin America, particularly our country, may represent a high-risk area because of terrorist activity, the foreign minister explained that every attempt is being made to prevent global terrorism.

[Begin Peres recording] I do not believe that terrorists are choosing targets geographically, but rather are looking for opportunities here and there; and I believe in today's world [words indistinct] communities against the expansion [words indistinct]. [end recording]

Perez has a busy agenda in the few hours that he will be in our country. The most important points will be the signing of various economic agreements at the Casa Amarilla [Foreign Ministry] and a meeting with President Rafael Caldera. He will later participate in various private events with the Israeli community in our country before going to the airport and traveling to Argentina and Uruguay.

Guyana

Lobby Activity Begun Against Reductions in U.S. Aid

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[FBIS Transcribed Text] Georgetown, Guyana, Jan. 12, CANA—In the face of budget cuts by the administration of President Clinton, Guyana has mounted a lobby in Washington against any possibility of a reduction in aid.

Editor of the state GUYANA CHRONICLE, Sharief Khan, told CANA Thursday Washington attorney and advisor to the Guyana government Paul Reichler, who is leading the lobby, has predicted this country will come out "reasonably well" when final aid allocations are made. According to Reichler, the U.S. administration is currently determining the final foreign allocations for fiscal year 1995 which ends in September 30, and is also making initial proposals for fiscal year 1996 starting October 1.

A key component of U.S. aid to Guyana is the PL-480 aid scheme through which Guyana has been receiving supplies of wheat for several years. If there are cuts in the

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current PL-480 programme, the Guyana government would be forced to find an estimated Guy 800 million (U.S. 5.5 million) for the next two years to meet the shortfall, Khan quoted official sources here as saying. The sources were quoted as saying this could put a big dent in the country's annual expenditure by diverting funds needed for critical areas.

According to Reichler, the U.S. would, "cut the overall foreign aid budget below the amount authorised by Congress" and that for overall budgetary reasons, there would be reductions in available funds.

The Washington lobby is being co-ordinated by Guyana's ambassador to Washington, Dr. Odeen Ismael.

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